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TWO YEARS OF AMERICAN FOREIGN POLICY

By A.

ON MARCH 4, 1921, Mr. Harding was inaugurated President of the United States and Mr. Charles Evans Hughes assumed the onerous duties of Secretary of State. There could be no doubt as to the immensity of the task which confronted the new Secretary. The whole world was out of joint and though he was not "born to set it right" he was called upon to conduct and in large measure to shape the relations of his country with the rest of this disjointed world. The wisdom of his policy might affect the fate of countless millions of his fellow creatures and influence profoundly the course of history. It was a responsibility no man could undertake lightly, but the opportunities of achievement could not but appeal to one's highest aspirations.

For the conduct of its foreign affairs the new administration apparently enjoyed a highly advantageous situation. It had behind it the sweeping victory of the presidential election which had not only brought Mr. Harding into the White House but had given the Republican Party a large majority in both branches of Congress. Accordingly the executive, at least in theory, could count on the support of the legislative branch of the government. There was the less likelihood of dissension between the two because the American people had just given a clear indication of their desires at that moment. Unquestionably they wished to keep out of European complications and in particular not to join the League of Nations. For the time being further discussion on this topic was academic. The Senate had refused to confirm the Peace of Versailles, or to take an Armenian mandate; the treaty of alliance with France was shelved without even coming up for discussion; and America no longer participated officially in any of the Allied conferences. The table was thus cleared for a new deal.

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The position of America among the nations was imposing. In power and wealth she stood first. Her intervention had decided the fate of the World War; at the peace table, while demanding little for herself, she had been the arbiter of peoples bound to her not only by genuine gratitude but by that kind which has been described as "a lively sense of favors to come." Some two years had now elapsed since the great days of the conference at Paris, but in spite of the grievous disappointment caused by her failure to ratify the signatures of her delegates a large part of the world still looked to her with open or concealed hopes. If her moral prestige had declined, her material one was unimpaired.

Such a position, however, brought its own disadvantages and dangers and could not in the nature of things be permanent. Nor were the difficulties awaiting the new administration, and especially Mr. Hughes, to be found only abroad. At home, to begin with, there was the Senate. Never in the history of that august body had it been more convinced of its right to participate in shaping the foreign policy of the country. It was flushed with triumph after its long and bitter struggle with President Wilson, and it had in Senator Lodge a chairman of the Committee on Foreign Affairs of tried knowledge and competence who could be trusted not to forget one jot or tittle of senatorial prerogative. Although the Senate had not opposed the appointment of Mr. Hughes, whose ability it recognized, it had not greeted him with enthusiasm and it would be quick to resent encroachment or disregard on his part.

In President Harding the Secretary had a chief of whose loyal support he might feel assured. The President had never possessed special knowledge of international questions or shown extraordinary interest in them, nor was he the man to take private counsel with some intimate friends and make far reaching decisions over the heads of his responsible advisers. There has been no Colonel House in the present administration. But certain things presidents reserve to themselves, particularly the important appointments. Among these the most coveted are the chief diplomatic posts, most of which are filled in accordance with political considerations rather than with especial fitness. As a consequence a Secretary of State must put up with certain subordinates about whom he has been consulted merely through courtesy and whose influence in the party may well exceed his own. President Harding's appointments to foreign missions have

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been made on the same principles as those of his predecessors and have not been markedly better or worse. We may note to his credit that he has extended the practice already followed by President Wilson of raising from the ranks of the secretaries some few to the position of minister as a reward for long and faithful service. A Secretary of State has also to take his colleagues into account. International relations today affect every department of the government. The more competent and forceful the heads of the other departments are, the more the Secretary of State has to reckon with them and seek to harmonize his policy with theirs. Mr. Hoover, for instance, whose Department of Commerce is vitally affected by foreign conditions, has a reputation for ability to play a lone hand rather than for team work. It is, therefore, creditable to all concerned and is a proof of the tact and skill of the President that he has kept in line a Cabinet containing so many strong personalities, and this too despite the fact that there is so much that is haphazard in the division of subjects between them. Even the unwarrantable overlapping between the consular service and the commercial agents has not led to the friction it might have between Secretaries Hughes and Hoover. But the coupling of the English debt agreement with the ship subsidy bill must have been more welcome to the Shipping Board than it was to the State Department.

It would be futile to attempt here to follow out the foreign policy of the present administration in the various fields in which it has been pursued and to appreciate the measure of its success. The general principles by which it has been guided and the larger results it has secured are of more interest, as well as importance, than the details of execution. From the first Secretary Hughes made it plain, at any rate until recently, that his grasp was firm. He has known what he wanted and how to set about to attain it, and also how to be patient and to make allowances for the difficulties of others as well as to realize those which lay in his own road. Without arousing the susceptibilities of the Senate or antagonizing public opinion, he has shown independent judgment and initiative. He has the lawyer's faculty of stating his case clearly and convincingly. His attitude has been broadminded, kindly and unemotional. At least on one occasion he has proved that he possessed the vision of high statesmanship, a quality of which the world has never been in greater need than at the present hour.

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There was one question which the new administration plainly did not feel called upon to consider and that was its relation to the League of Nations. It simply did not have any. That matter had been settled for it by the November elections when the country had reacted so violently against everything that savored of Wilsonism. To be sure, during the campaign the Committee of Thirty-one by their adherence at the same time to the cause of the League and to the candidacy of Mr. Harding (who did not discourage their support) had prevented the issue from being a clear-cut party one. None the less there could be no doubt as to the sentiments of the overwhelming majority of the Republican voters, and the administration accepted the decision. The appointment of Mr. George Harvey as Ambassador to London, if less important, was more significant than that of Mr. Hughes as Secretary of State. Nothing more was heard about any "Association of Nations." And America having decided she would stay out of the League had taken a dislike to the whole institution. This was logical enough. If the League, however imperfect, represented a step in the right direction, if it was capable of improvement, if its ideals were in conformity with those on which Americans had prided themselves, was there not an obvious selfishness in keeping aloof without even the suggestion of a desire to come to an understanding? It was easier and pleasanter for the national conscience to assume a censorious tone, to scoff at the League and its supporters, to criticize its proceedings, to sneer at its achievements and to laugh at its failures, and even to dub it "the evil thing with a holy name." These themes have been harped upon countless times in the press and on the platform.

Of course it would be manifestly unfair to accuse the administration or the State Department with having adopted any such attitude of vicious criticism. They have not condemned the League, they have merely repulsed its timid attempts at familiarity and ignored its existence. Even the constitution of the World Court, in which Mr. Root took such a part, and the appointment of Mr. John Bassett Moore as one of the judges elicited for some time no manifestation of interest because these judges are chosen by the League. Not until lately has the official accession of the United States to the High Court been mentioned as a possibility.

This attitude which, however natural, was at least ungracious —some have called it nasty—has provoked among the supporters

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of the League anger and pointed reference to Mr. Hughes' own previous stand. Some of the shafts of criticism appear to have penetrated, if we may judge from the asperity of the Secretary's reply to the charges brought against him by Mr. Hamilton Holt and others. Since then there have been indications of a slightly greater readiness on the part of the government to recognize that the League is trying to do good and in its modest way is accomplishing results deserving of American cooperation, but an ugly kick has just been administered it by our objection to its being represented in the Pan-American Congress at Santiago. In the broad public, too, there has been, under the influence of recent events, what looks like a beginning of a change of heart. Even the principles of the Committee of Thirty-one appear to have been not dead but sleeping during the last two years and are showing signs of revival. They are held by Republicans of unimpeachable orthodoxy and may have their day yet in councils of the party. So far, however, the attitude of official Washington towards the League, though more politely manifested, is not unlike that of Moscow.

One aspect of the League of Nations which peradventure may affect us, whether we stay out or enter in, relates to Latin America. Most of the Latin American states have joined the League and at the last meeting of the Assembly a Chilean was elected president. To be sure this (and we may suspect a desire to curry favor with the United States in view of the Tacna and Arica question) led to the withdrawal of Peru, nevertheless the election was significant and gave pleasure. The latest snub of the League by the State Department is likely to have the opposite effect, at least at Santiago. It is quite conceivable that Latin American countries may try to use the League as a protection against any too great preponderance of the United States or extension of the Monroe Doctrine.

John Hay once asserted that his foreign policy rested on the Ten Commandments and the Monroe Doctrine. The problems that Mr. Hughes has had to deal with have been much more complicated than were those of Hay and it has been harder to know just how the Ten Commandments applied to them. On the other hand there has been little cause for the application of the Monroe Doctrine. The time is past when we need dread European intervention prejudicial to our interests in the western hemisphere. An Asiatic challenge is perhaps more probable. Some day it may

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be that our position will be questioned by Japan on the ground that the Monroe Doctrine is a proclamation of a "sphere of influence" not unlike what we reprobate in the Far East and that Japan and Mexico have as good a right to be bosom friends as America and China, and other things of the sort. But the time for this may never come and anyway it has not come yet. Today we are concerned with the relations of the United States and Latin America, relations calling for a good deal of tact on our part, as the interests of the Latin American peoples often make less trouble than their susceptibilities. Pan-Americanism is a tender plant which still requires careful nursing. All the banquets, speeches and exchange of messages in the world do not alter the fact that in the lands to the south of us, though there may be admiration for the United States, there are also much fear, dislike and above all suspicion, and not without some plausible justification. Our actions towards any one Latin American state are at once noted, and usually with disfavor, in the rest and may have far reaching results. On the other hand, a Pan-American sentiment does exist among them and there is a possibility of using it for the development of further "regional understandings."

In dealing with these states the policy of the present administration has been characteristically safe and sane. It began by healing a running sore, the claim of Colombia that she had been feloniously deprived of Panama. The Wilson administration had virtually admitted this by agreeing to pay Colombia a sum of twenty-five million dollars, but the treaty had never been ratified by the Senate. It was now taken up and put through, although some of those who voted for it like Senator Lodge must have found difficulty in reconciling their action with their former attitude. But the sullen sense of injury cherished by Colombia met with sympathy in other parts of Latin America and hampered Pan-Americanism. It was worth a sacrifice to remove and the Republican majority, like the administration, though less convinced than were the Democrats of the wickedness of President Roosevelt's exploit, were willing to make a handsome payment to get rid of the question. To be sure, what they regarded as an act of generosity will probably be interpreted by history as a formal acknowledgment of guilt.

The paying of conscience money has been a curious characteristic of the foreign policy of America. No other country has,

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without constraint, handed over such large sums except as subsidies. The history of her territorial expansion has been unique in this way, for not only has she acquired the greater part of her area by actual purchase, but even when she has got land by conquest, from Mexico and Spain, she has, while imposing severe terms on her adversaries, made a money payment herself. This has been due in part to the feeling she was taking more than the provocation or her sacrifices warranted. She also points with pride to her return of indemnities to Japan and China, so that her recent settlement with Colombia was in accordance with tradition. If we were not quite so prosperous a nation it might make more of an impression on outsiders.

With most of the Latin American states our relations during the last two years have been friendly and uneventful. Secretary Hughes has made a visit to Rio de Janeiro and has been proposing a more extensive tour. A boundary dispute between Costa Rica and Panama has been adjusted by the application of gentle pressure on the Panamanians who had refused to accept an arbitration that had gone against them. Chile and Peru have been induced to confer in Washington and to sign an agreement which we may hope, now that they have invited America to act as arbitrator, will settle at last their long and bitter dispute over Tacna and Arica. Similarly, successful attempts have been made to bring the all too individualistic republics of Central America into something like harmony, though not as yet into actual union. In these excellent enterprises the government at Washington has shown tact as well as benevolence. It has also fortunately been able to refrain so far from actual intervention in Cuba even if conditions have been such as to invite action. But however beneficial a resumption of American authority in the island might be, there is no telling where it would end and no escaping the fact that it would produce a disastrous impression in many of the other Latin countries of this hemisphere.

The policy followed by the United States in regard to Hayti, San Domingo and Nicaragua also serves as a touchstone for those fearful of Yankee imperialism. Here again the conduct of the present administration has been conciliatory. As the various interventions in these states were begun under a Republican administration but maintained and developed under a Democratic, they have not become party questions. Of late, however, the American public, which at first paid little heed to what had

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taken place, has shown a disposition to look into the matter more closely and to disapprove of the depriving of even turbulent or backward peoples of their right to manage their own affairs. President Harding and his advisers, without condemning the conduct of their predecessors, have tended to regard the task of pacification and reorganization of these backward regions as satisfactorily completed and to terminate direct American control. The three republics should soon be standing once more on their own feet.

With the President of Mexico we are still without official relations. For better or for worse, in sickness or in health, the United States has on its border a great expanse of territory inhabited by a people of Spanish civilization but predominently of Indian blood, a territory full of undeveloped resources to tempt the capitalist and exploiter, a people the immense majority of whom are uneducated peasants easily degenerating into banditti or soldiers ready to follow any turbulent, ambitious leader. And high or low, their instinct is to fear and hate their northern neighbor while recognizing that they have a certain need of his superior knowledge and enterprise. The continual revolutions since the downfall of Diaz have been accompanied by great loss to American property and many atrocities against American citizens. Twice during the Wilson administration the United States interfered by force, first at Vera Cruz, second by Pershing's expedition across the Rio Grande in pursuit of Villa. In neither instance was the result entirely satisfactory and intervention on a large scale has more than once looked probable. But the huge cost of any such intervention and the immeasurable difficulties to which it might lead, besides its wide unpopularity at home and the disapproval and suspicion it would arouse throughout Latin America, have been more than enough to make the authorities in Washington hesitate before committing this country to a course with such grave possibilities. Like its predecessor the present administration has preferred to follow a conservative policy, and so far it has been fortunate in not having to deal with as critical a situation as the one which faced President Wilson at the time of his accession and on several later occasions. While not adopting an unfriendly attitude towards the government of General Obregon, it has refused to grant him formal recognition until it has received sufficient guarantees for the security of the lives and property of those of its citizens who are carrying on

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legitimate business in Mexico. It has not felt called upon to show itself sympathetic but it has been patient and forbearing, and has worked quietly for a better future.

Unsatisfactory as such a policy may be to the few in the United States who have favored armed intervention or to those at the other extreme who would at any time grasp the hand of Mexico, bloodstained or not, it has so far commended itself to public opinion, which realizes the complexities of the Mexican problem and is willing to leave it to the government to deal with them. It has also met with a meed of appreciation in other Latin American countries where Mexico does not just now enjoy overmuch respect. As for those Mexicans who dream of an ally against the United States, they turn their eyes, imperial Germany having vanished from the scene, not to their kinsmen to the southward but across the sea to Japan.

The Far Eastern question, both in its immediate seriousness and its latent possibilities, presented the most urgent problem of foreign policy inherited by the Harding administration. On the one hand the Chinese were showing themselves distressingly incapable of orderly self-government, on the other the position of Japan seemed to be becoming permanently dominant in that part of the world in a way unfavorable to American interests. Meanwhile the relations between the United States and Japan, which had been growing slowly but steadily worse since the Peace of Portsmouth in 1905, had now become almost openly unfriendly owing to events connected with the World War. American public opinion disapproved of the Lansing-Ishi agreement, of Japan's twenty-one demands on China, of the conduct of the Japanese in Siberia, of the Japanese retention of Shantung. American business men dreaded unfair commercial rivalry and American naval officers saw a peril in the development of the Japanese fleet. The Japanese on their part resented the American attitude of race exclusion and Japanese soldiers, statesmen and others of imperialistic tendencies had come to regard the United States as the successor to China and Russia in constituting the chief obstacle in the path of their future expansion and greatness. By 1921 the Far Eastern situation was not one for further watchful waiting which would mean competition of armaments with increased suspicion on both sides. What was required was bold statesmanlike action.

The Government at Washington rose to the occasion. It inter-

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wove with the peculiar necessities of the Far East the world-wide demand for a reduction of the crushing burden of armaments and called an international conference to discuss both subjects. When the conference assembled, America took the lead with dramatic suddenness by her proposal for scrapping several battleships and for a ratio in future ship-building which, for mutual benefit, should put an end to competition with Great Britain and Japan, the only other formidable naval powers. After the first moment of surprise the proposal, whose sincere honesty of intention could hardly be doubted, was accepted with few modifications, and though not many of the later suggestions in regard to lighter vessels and to submarines were equally fortunate, here too something was accomplished.

The question of the Far East presented greater difficulties but again our representatives, aided by the good-will they met on all sides and by the notable moderation of the Japanese, won a signal success. It may be that American naval authorities have grounds for dissatisfaction at the outcome, and that other critics are right in thinking that Japan has reserved for herself more advantages than are apparent to the layman. Time alone can show the truth of this. But there is no denying that the Americans have obtained the cancellation of the Anglo-Japanese treaty —a pretty harmless compact in its later years but one that had got on their nerves. They have also obtained a more formal recognition than ever before of the open door and of various other provisions intended to keep China on her feet, and, since the conference and primarily as the result of it, the Japanese, contrary to all pessimistic prophecies, have evacuated both Shantung and Eastern Siberia. Another fortunate consequence was a dissipation of suspicions and a genuine increase in good feeling between most of the participants. All told the achievement at Washington may rank high in history.

Unfortunately this achievement is not yet complete enough for us to pass a final judgment on it. It still lacks ratification both from those who took part and from those who did not. The conference also was not productive of good feeling only. On the contrary it embittered relations between France and England and impaired those between France and the United States. Although the French made mistakes the fault was not all theirs. At the very outset the American delegates (it has been rumored that Mr. Hughes was not the one to blame in this respect) were

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guilty of a serious error in tact. Perhaps thinking that the fewer people you have to consult about an agreement the easier it is to reach, they decided not to include France in the preliminary program as to relative naval strength but to establish her quota of capital ships, like that of Italy, as a secondary matter later. The proportion allotted her seemed reasonable enough. She not only did not have to scrap any existing vessels but she had a leeway to build more new ones than she had any immediate intention or likelihood of doing. Nevertheless this manner of proceeding showed lack of understanding. It overlooked the fact that France with her vast colonial empire, which during the World War had contributed so much to her resources, felt that her need of a great sea power to defend her communications was second to none. And, with a certain Anglo-Saxon lack of imagination, it forgot that during most of the last two centuries France had been the second maritime power in the world and that she cherished with legitimate pride the traditions and glories of her navy. She had been obliged to neglect her fleets while she devoted her strength to winning the war on land, and now, after a glorious victory bought with her heart's blood, she was invited, without previous consultation, to accept a position of permanent naval inferiority, one far below that of Great Britain and the United States, well beneath the Asiatic empire of Japan and only on a level with Italy, the jealous rival whose geographic position menaces her vital communication with her North African possessions. Small wonder that the French delegates to the conference, although they ended by accepting the ratio as to capital ships, showed themselves intractable regarding lighter vessels and submarines, not to speak of land armaments. Their foolish tactics and other blunders were soon recognized and condemned at home, but this did not prevent France from feeling that she had come out of the conference belittled and humiliated. She believed, too, that wittingly or unwittingly the Americans had played the English game at her expense. Franco-American relations have never been quite the same since.

When the Washington treaties were once signed the American public took it for granted rather too easily that ratification would soon follow in all the countries concerned. Rumors of French dissatisfaction made no more impression in Washington than similar expressions of opinion in the United States did in Paris in 1919. But M. Poincaré has not seemed in a hurry to bring the

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matter to a vote in the Chamber. The desire of America to see the treaties ratified has been one of the few cards that the French Government has held in its hand in discussions with Washington. Naturally it has not wished to discard it prematurely. And now when the two Anglo-Saxon powers, her late comrades in arms, have left her with outspoken disapproval of her conduct to struggle with her own difficulties and perils, she is not in a mood to renounce any rights of self-defense she possesses. She may deem it wise to ratify the disarmament treaty as well as the others, but if she does not, or puts in amendments, we need not be surprised. To the charge of failure to honor their signature and of sacrificing the cause of humanity to their own blind selfishness, the retort of the French would be only too obvious.

Another—perhaps not mistake but flaw—in the Washington Conference was that it did not include all the parties interested. To have brought in any of the Latin American states might have complicated matters unnecessarily, though there was something strange in the exclusion from a conference dealing with the Pacific of Chile, which of all countries has the longest coast on that ocean. But the omission of Russia was a different affair. Under the circumstances it could hardly be helped. But the defect was none the less serious, not in respect to the naval agreement—Russia is not going to build a formidable fleet just yet—but in the Far Eastern questions. No one can pretend that Russia is not deeply interested in the Far East and that her assent is not necessary sooner or later to any permanent arrangement there. Chicherin in vigorous but dignified language twice protested formally against her being left out, and declared that she would regard as invalid any agreement, however good in itself, concluded without her participation. The protest went unheeded and we may suspect that the back stairs conversations carried on with her satellite, the Far Eastern Republic, were prompted in part by a desire to detach it from Soviet influence. If this was the case the plan failed completely. When the necessity of foreign support was over, the camouflage of Far Eastern independence was promptly abandoned, all other opposition collapsed and the word of Moscow is now law at Vladivostok. Russia has indeed cause to be grateful to American policy for helping to get the Japanese out of Siberia, a thing she was too weak to bring about by herself, but gratitude counts for nothing in such cases. She is in a position to bide her time in the Far East, to make

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trouble when she chooses to, and when the day comes that she is ready to adhere to the Washington compacts we may expect her to ask her price.

Seldom have the relations between two countries been more curious than those between Russia and the United States during the last four years. Although the Soviet revolution of November, 1917, was as generally disapproved of in the United States as the February one which overthrew Tsar Nicholas II had been approved, American diplomatic representatives remained in Russia for a year and a half longer. Their position was most anomalous. While refusing to recognize the new authorities they were obliged to deal with them, indeed President Wilson himself directly addressed the Lenin administration and appealed to it in vain not to make peace with Germany. Still they stayed on, finally withdrawing to Archangel, which was occupied by an Allied force containing an American contingent that played its part in the winter fighting of 1918–1919. Other American troops were sent to Siberia, though they were forbidden to penetrate far, yet Russia and the United States were not and have not been at war. The so-called Bullit mission was joyously greeted in Moscow and aroused unwarranted hopes, followed by speedy disappointment. After the recall of the American troops from Archangel and Vladivostok relations ceased almost entirely.

One of the questions confronting Mr. Hughes when he came into office was what attitude he was going to adopt towards the Soviet Government, now firmly established and desirous of resuming contact with the outside world, particularly with the United States. American public opinion, though somewhat allured by fancied possibilities of trade and concessions in Russia and especially Siberia, still in the main regarded the Bolsheviks and all their doings with unfeigned horror, and the régime they had established as a thing monstrous and unclean. Consequently, when, in response to an overture from Moscow for the opening of trade relations, Secretary Hughes made on March 25, 1921, a clear pronouncement that the Soviet Government did not yet present the guarantees of respect for life and property, the sanctity of contract and the right of free labor which would authorize America to recognize it, he met with general approval. He has repeated this statement since, to the sad disappointment of Moscow, which had indulged in rosy day-dreams of American assistance in putting her on her feet again and which even had

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entertained fancies of a political understanding directed against England and Japan.

There is much to be said for the policy of aloofness pursued so far by the administration like its predecessor, both on moral grounds—though the Bolsheviks and their friends here can hardly be expected to agree—and on those of worldly wisdom in view of the uncertainties which becloud almost everything Russian. The claim, too, that the desire for American recognition exercises a salutary influence on the Soviet leaders cannot be entirely rejected. At any rate it is absurd to declare, as has been done, that by our non-recognition we are outlawing one hundred and thirty million people and maintaining a blockade against them. No blockade is being maintained. Any American may trade with Russia at his own risk and peril and grow rich thereby if he can, but his government does not feel bound to aid and protect him in his enterprise. As for outlawry it is a strange charge to bring when one nation has for a year and a half been feeding and succoring the other on a scale quite without parallel in history.

The news of the appalling misery which the economic breakdown, followed by famine, had brought upon millions in Russia touched the generous heart of the American people. To what extent the Russians themselves, or at least the men they had chosen or allowed to govern them, were responsible for the calamity did not affect the central fact of the terrific suffering of vast numbers of human beings. Fortunately there was ready in the form of the American Relief Administration under Secretary Hoover an organization comprising many men of tried ability in dealing with situations of this kind. The very magnitude of the task only made them the more anxious to undertake it. The appeal of Maxim Gorki met with a ready response; an agreement with the Soviet authorities was reached at Riga and the work of relief was begun at once and has been carried on ever since with magnificent success.

The theory that the whole relief work was a private unofficial enterprise has been strictly maintained from the start. The circumstance that the president of the relief association happened to be one of the most prominent members of President Harding's Cabinet was treated as if it were a coincidence. But the food and other supplies soon ceased to be furnished by private charity alone, which however great was manifestly insufficient to meet the demand. Huge quantities of medical and other stores

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accumulated for the war were turned over and Congress voted a sum of about twenty million to be used for Russian relief. But though all this has been done for the people of Russia and necessarily in cooperation with her officials, no formal recognition has yet been extended to her government, although it has now been in existence for five years, although it rules over eight million square miles of territory and has never looked firmer than at the present moment. Could paradox well go further?

But supposing one says "so far so good," one cannot help wondering how much longer this policy can be continued. Sooner or later it must come to an end, even if the present communist system and methods remain unchanged, for Russia is too large a portion of the globe to be sent permanently to coventry. Whether we like it or not she exists and she cannot be forever ignored. It is true the United States is still in a position to choose its own time but something may be lost by waiting too long. Anxious as the Soviet Government is for American recognition and capital it is not disposed to submit to severe or humiliating terms. It has shown by the way it snubbed the suggestion of an American commission of investigation that it does not intend to be condescended to; indeed the fate of the similar suggestion of an international relief commission in 1921 might have warned Washington of the futility of the proposal. There are inconveniences, too, in not having Russia seated at the board of nations and adding her signature to international treaties. She will have to be dealt with later and perhaps paid for compliance with the arrangements made by others. The State Department will do well to remember that Russian interest in the Far East is at least equal to ours and that in the question of the Straits it is many times greater. The Straits are, in truth, more vital to her than the Panama Canal is to us. Chicherin's manners at Lausanne may not have been ingratiating, but there was some soundness in his contentions, and Russian views in that part of the world cannot be left out of account indefinitely. Likewise there is no gainsaying a certain force to the argument that if we lag behind the others in our recognition of Russia and her claims American capital and trade are in danger of finding occupied certain profitable fields which they might have secured by an earlier appearance. It is also asserted that we shall be able to do more to succor the Russian people when we are again on good terms with their government. Be that as it may, the movement in favor of recognizing Soviet

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Russia as part of the general world settlement is gaining ground in the United States.

But whatever are the complications of the Russian problem, they are of far less pressing consequence to the welfare of the American people than the situation in western Europe. To be sure, the rôle of the United States looked simple at first. When the Republican Party came into power the temper of the triumphant majority, reflected in Congress and to a lesser degree in the administration, demanded a policy of letting Europe stew in her own juice. The Americans had done for others more than anyone had a right to expect. It was time now to attend to their own affairs and mend their fences. They had claimed no undue reparations, they asked for no favors, only a respect for their rights and a fair field for their enterprises. The selfish rivalries and unedifying disputes of the European powers, great and small, old and new, were things to keep out of.

This reaction against the high-strung idealism of the war time and in favor of a policy of enlightened selfishness was natural in itself and in one form or another common to many countries. The first decisive step taken by the new administration was to arrange for a peace with Germany (followed by similar ones with Austria and Hungary) stipulating for America whatever advantages she would have obtained under the Treaty of Versailles but without assuming the obligations. She has, however, felt sufficient interest in the workings of some of the financial provisions of that treaty to keep an unofficial member on the Reparations Commission, although Congress showed its fear of commitments by forbidding that he be made official without its consent. In the second place Secretary Hughes has propounded and sharply maintained the doctrine that the United States, owing to its participation in the war, is entitled to a voice in the question of mandates and that it shares in the priority of payments for the expenses of the military occupation of the German Rhine territories, in which rather illogically, but for the general benefit, it continued to take part till the other day. In all these questions the American Government has stood on firm ground though it has not erred from excess of generosity. As the Senate had refused to ratify the Treaty of Versailles, peace had to be made in some other way, the sooner the better.

But obvious as this was, the disappointment at our action was keen throughout Europe. So much had been hoped of America,

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of her lack of selfish interests, of her generosity and above all of her abundant resources that even disillusioned statesmen, as well as incurable idealists and the eager public, have found it hard to get over the hope that she would presently "come back." Every time an unofficial "observer" has attended an international conference, or Mr. J. P. Morgan has made a visit to Paris, or encouraging remarks have been delivered by some Congressman, rumors have immediately been rife. And repeated disappointment has inevitably led to a great loss of American popularity, a loss all the greater because neither the governments nor the public have dared to express their feelings openly. They are still too anxious for our assistance for them to indulge in frankness where we are concerned. But this very necessity for hypocrisy and subservience tends to embitter them. Even the continued outpourings of American generosity, especially in the devastated region of France, in the Near East and in Russia, while awakening much local gratitude, have occasionally been likened to the charity of the rich pharisee.

Unmoved, however, by European lamentation, the American people and their representatives have hardened their hearts. They have refused to take official part at Genoa, at The Hague or at Lausanne, they have disclaimed all interest in the political affairs of the old world and fought shy of discussing the financial ones, knowing full well that every plan of rehabilitation presupposed a large contribution from them. The persistence and the naïve tactlessness with which their good offices have been solicited have irritated them and strengthened their conviction that even if Europe is in need of aid it is not the business of the United States to serve as a milch cow to anybody and everybody.

But as the months have gone by men have begun to wake up to the existence of certain unpalatable facts—facts it is true long predicted but rejected with contumely by the dominant Republican Party. The first of these is that whether the United States does or does not have a political interest in European affairs it certainly has an economic one, and that if Europe, through no matter whose fault, keeps on going to the dogs and cannot buy American products, then America cannot sell them, which means loss to her shipping and her trade, to her farmers, her manufacturers and her laborers. Besides, how are the European powers to pay their debts if they have no money? These unwelcome lessons have been slow in penetrating, but bad times have driven

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them home. Today although the American people have no more desire than before to get mixed in the "damned mess" on the other side of the Atlantic, their attitude towards such questions as reparations has been passing from indifference to painful solicitude. It is all very well to say that Europe must first put her own house in order before we extend assistance to her, but suppose she is perverse enough not to do so? Are we going to let her go to a ruin that will have disastrous reactions on us when by assisting her in the right way we might also benefit ourselves?

This query has been raised with ever increasing insistence and has had its effect on the voters as well as on the powers that be. Even before the striking evidence of the November elections some of the Republican leaders were uncomfortably conscious of the increasing unpopularity of their party. The elections and many other signs, including the new light which has dawned on Senator Borah, have made it evident that a change is taking place in public opinion. The widespread discontent of the farmers and the growing belief among them that they need a prosperous Europe which can buy American products has been revolutionizing the whole tone in regard to participation in European affairs. Granting, at least for the sake of argument, that the crux of the difficulties lies in the question of reparations, and that on its speedy and proper settlement the welfare of Europe and of the world depend, then the sooner the United States, the one disinterested and yet deeply interested party, takes a hand in that settlement the better for all concerned.

There are certain facts about the reparations question which might as well be faced at the start. It is admitted on all sides that Germany cannot possibly pay more than a fraction of the contribution originally imposed upon her and it has been feared that the attempt to collect something by force would bring about chaos and revolution. France, though recognizing the peril, believes that Germany has so far cheated about the payments, and meanwhile she herself, in order to build up her devastated districts, has incurred vast expenses based on the money promised her. Unless she receives it she will go bankrupt. If somebody is to be ruined she does not see why it should be she rather than Germany. At any rate, if she cannot get what she is entitled to she should at least be released from her own financial obligations. England accuses France of a mad desire to destroy Germany regardless of the harm it may do others. For her part she is

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willing to relinquish much in order to put German credit on its feet again but she sees virtue in the principle "forgive us our debts as we forgive our debtors," a principle she expressed in the wrong way in the ill-starred Balfour note. She has enormous sums owed to her, and like France, Italy, and several others of the Allies, she owes enormous sums to the United States.

But the American public has until very recently shown itself resolutely hostile to any remitting of the Allied debts. It has taken the ground that America did more than her share in the war and she alone asked for nothing in return. Her allies, for whom she made such sacrifices, ought at least to be willing to pay back what they borrowed from her. She too needs money. Repayment would mean the lightening of the grievous tax burden of the American citizen and would be quite possible if the European nations would reduce their expenses for armies and other reprehensible objects. Civilized society rests on the sanctity of contracts. What if the bankers in the United States and especially in New York do believe that repayment is not only impossible but undesirable? The answer is that that unpopular class think only of their own interests and care nothing for those of the people.

The strength of the popular feeling on this subject was strikingly manifested in the Refunding Bill at the very beginning of President Harding's administration. The Senate, of which he had so recently been a member, was presumably most friendly to him and disposed to listen to his wishes, and yet on the mere suspicion that Secretary Mellon might be too soft-hearted, instead of giving him the discretion which he asked for to deal with foreign nations according to the circumstances in each case, it enjoined him by law to exact repayment within twenty-five years and it set a four and a quarter per cent rate of interest. He was thus practically ordered to browbeat rather than to negotiate. There is truth, though there may be exaggeration, in the alleged remark of Mr. Stanley Baldwin that "the debt has got on the nerves of the American people and there is no sentiment whatever in favor of cancellation. The word makes them shy all along the line." Matters were not helped by the speech of Secretary Hoover of October last in which he blurted out that the Allied debts could and should be paid.

Now it is all very well to say that one's own bad debts have nothing to do with what one honestly owes somebody else. That

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is theory, logic, morality if you please, but it is not human nature. To men or nations in financial difficulties there is a very real relation between money which has been promised to them and money which they have promised to others. To expect that the harassed French people, for instance, will freely forgive what Germany, their enemy, owes them while at the same time they shall pay all they owe us, their friend and associate, is to ask a good deal. Similarly there is no sign that the Italians think of paying anyone. We may assert, as Secretary Hughes has, that the limit of Germany's indebtedness for reparations is the limit of her capacity, which has no connection with what the Allies owe us. In their minds their own capacity to pay depends on what they are to receive, and if stern necessity forces them to consent to a reduction of what they ought to get they fail to see why the only wealthy country should be the only one exempt from further sacrifices. There may be flaws in their reasoning but it will be hard to shake their conviction that the fair and feasible solution among the late Allied and Associated Powers would be a clean slate, and if there is to be an international economic conference there is just as much reason for it to take up Allied debts as reparations. Even England, which has been the most willing and can best afford to attempt repayment, has shared in these sentiments. She has shown that she will not flinch from painful sacrifices to maintain her unsullied financial honor, but in their hearts many Englishmen feel that our conduct is shabby, the more so as our new tariff makes repayment by the sale of goods to us impossible. As things now stand, none of the countries which owe us money wish to dishonor their signatures or will admit the thought of doing so, but all of them are anxious to be forgiven their debts, and in none of them do the people at bottom believe they ever will pay them, can pay them or should pay them. What are we going to do about it? How do we propose to collect?

Under these circumstances the position of the State Department has not been an enviable one. The Disarmament Conference owed its success in large measure to the fact that the United States began the proceedings with the announcement of a great, definite sacrifice it was prepared to make for the common good if others would do likewise. But owing to the obligations imposed by Congress in the Refunding Bill, the precedent then set cannot be followed now in respect to reparations and allied debts. Instead, a compromise contrary to the terms of the bill

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has first to be arranged in secret and then referred to Congress to be condoned.

This was what was done in the case of the Stanley Baldwin mission. The spirit of the negotiators on both sides seems to have been of the best and an acceptable compromise was agreed upon. The approbation of Congress had then to be obtained. It came with a celerity which showed that that body has learned a good deal in the last year or so about what is possible and what is not in the present financial condition of Europe. This is fortunate, as our other debtors are much less solvent than England. They are also more vitally affected by the question of reparations on which the fate of western Europe now hinges.

By December last the situation, both at home and abroad, was such as to impress the administration with the necessity for positive, constructive action. The elections showed how it had lost credit throughout the country, and even among the Republicans its conduct of foreign affairs was being criticized with more and more acerbity by the groups represented by the Irreconcilables on the one side and the Committee of Thirty-one on the other. If, as some declared, its only notable or at least spectacular achievement since it had been in power was in the field of foreign policy—the Disarmament Conference—should it not try another venture of the kind? Apparently it appreciated this, and though one can hardly say that it took the lead it threw out feelers and sounded the way. The open initiative came, as in the case of the Disarmament Conference, from Senator Borah. His proposal of an international conference elicited the slightly querulous letter in which the President pointed out to Senator Lodge and to the American people how he was hampered by the restrictions imposed upon him by Congress. Next day Secretary Hughes in his New Haven speech announced that he had already intimated to the Allied powers that if they were unable to agree as to the amount of reparations Germany could pay America was willing to attend an economic conference which should harmonize their differences.

This idea was favorably received and Senator Borah withdrew his motion. But luck was running against the administration. Four days later the English and French in Paris disagreed on almost every point except the total of reparations, which was just the one America was offering to help them out on. Then came the French occupation of the Ruhr, it is said quite contrary to the

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expectations of the State Department and in spite of previous intimations of American disapproval. The somewhat unseemly dispute as to how officially these intimations had been conveyed and the abrupt manner in which the withdrawal of the American contingent from the Rhine was decreed looked like a show of temper and detracted from the dignity of the step. It soon became evident too that the government was more surprised and shocked than the public was. The Boyden incident also was unfortunate and it stimulated the dissatisfaction already expressed in many quarters with the system of "unofficial observers." All told, the prestige of Secretary Hughes has suffered severely.

It must be admitted that except in the case of the Disarmament Conference the foreign policy of President Harding's administration has not been such as to make the heart beat quicker with patriotic pride. It has generally been wise and it has been cautious, it has given heed to the popular principle of "safety first" and it has avoided encouraging hopes it was unable to fulfill and making demands it was not sure it could enforce. It has looked after American interests and has asserted them convincingly and firmly, and has usually ended by carrying its point. It has been courteous and aboveboard in its dealings and it has maintained a fair neutrality amidst the jarring discord of the powers which have appealed for its support or tried to use it against one another.

On the other hand this policy has not often been inspiring. It has been that of the careful householder who has recently been overspending his income and has decided that charity begins at home, which is too apt to mean that it ends there. One finds it hard to deny a certain truth to the charge so often made in Europe and increasingly in this country that from the separate peace with Germany to the Conference at Lausanne, where it sent not observers but debaters to claim and to harangue but to sign nothing, the United States while refusing to recognize obligations has insisted on its rights and privileges. It has been prompt to claim "equal opportunities" but slow to admit equal responsibilities. In this the government has only reflected, perhaps too readily, the prevalent mood of the American people and particularly of Congress. We have preferred to confine our altruism to direct charity and to pious homilies; we have sympathized with, succored and talked about the suffering Armenians, but like western Europe we have left it to Bolshevik Russia to be the first

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to offer a refuge to their hundreds of thousands of homeless exiles. We have been willing to feed stricken Europe but not to lend our help in trying to reconstitute it. The reasons for this may have been compelling but they will hardly be regarded as a subject of national pride. Nor can we wonder if Europe sometimes listens to our exhortations and admonitions with a "weary impatience," and neither France nor Germany nor any other country cares to meet us again in general conference unless we have something to proffer besides advice. Even the President's belated recommendation that we should now take part in the World Court, however significant and admirable in itself, will look to many Europeans in their agonies like offering them, not the bread they are starving for, but a stone.

Few would deny that the international situation at the present moment is charged with ominous possibilities. The momentous decision of the French to wait no longer but to obtain by an occupation of territory a guarantee for the reparations they have been promised has started a crisis of the utmost gravity whose outcome it is impossible to foresee. In that crisis American opinion has not yet found itself. Although there are many who condemn the action of the French and others who think it was a fatal mistake, it has been far more generally approved than had been expected. Clearly France still has a host of partisans and enjoys greater popularity among the American people than she does in official circles in Washington. The whole country is watching the outcome with deep interest. The Irreconcilables declare that the wisdom of their policy is proved by the event, the Democrats scoff at the "fumbling" of the administration, the champions of the League of Nations have gathered new courage and believe their cause is gaining ground. Their contention that the civilized world would never have got into its present disastrous state if America had not refused to join the League is a telling argument hard to disprove.

And now, goaded by the criticisms directed against it from every quarter, the administration in the last hours of its second year of foreign policy has taken a step which will be interpreted by both friends and foes as an approach to the League. Our adhesion to the World Court created by it would constitute a recognition of the utility and the moral authority of the League hitherto denied. Whether this beginning of community of action would lead towards ultimate membership will be widely

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debated and we may doubt if the intentions of the White House itself are quite clear in this respect. But the issue has been raised for discussion long months before it can be settled. Its importance, vast as that is, lies in its bearing on the future. The World Court offers no refuge from existing difficulties.

One thing is plain. America, however reluctantly, is preparing anew to take an open, active part in the settlement of European questions. She is troubled and hesitating but sooner or later she will have to put her hand to the plough to aid in the redemption of a Europe now physically and morally devastated. The Harding administration has of late appeared to be drifting somewhat helplessly. It has reached a critical period in its career. During the last two years it has more than once shown in its foreign as in its domestic policy that it possessed wisdom. What are also needed by it and by the nation at the present juncture are vision and courage—the vision that sees beyond the needs of the day and looks to a better world, the courage that will meet and overcome obstacles and will not shrink from sacrifice.

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THE TARIFF AS A FACTOR IN AMERICAN FOREIGN TRADE

By Oscar W. Underwood

WHEN will the mass of the American people adjust their vision and their habit of thought to the changed conditions that have come upon us since the Great War was ended on the battle fields? This generation and the one to come will not see the end in fact of the Great War, so far as our economic and social problems are concerned.

I asked the question stated above because I wanted to call attention to the fact—I believe it to be a fact—that until the habit of thought on economic questions by the mass of the American people has changed and become adjusted to the new business conditions confronting us and the world at large, due to disruption of the world's markets during the war, we will not begin to solve the problems of supply and demand that determine our place in the business and financial affairs of the world.

The subject that I intend to discuss is the customs tariff as a factor in American foreign trade. However, as a trade factor it is so interwoven with the lives of the American people, as well as with the unsettled conditions of production and consumption in the European markets, that I am compelled in fairly discussing the question to consider all these problems as one. We must realize that we will not begin successfully to work them out until the American producer has abandoned the economic viewpoint that he held before the Great War and has adjusted his line of thought to conform to trade conditions that confront us today.

You may ask if there are not men in private and public life wise enough and farseeing enough to analyze conditions correctly and point the way of our future development. That is undoubtedly true. There are such men and they have pointed out the way; but nothing has come of it. Along many lines of the gravest importance the wagon of public safety is still traveling in the same old ruts that shaped its course for two or three decades before the Germans invaded Belgium. This is especially true in regard to the difficult questions of taxation that face us at our custom houses. Men in high positions proclaim that changed conditions have arrived and that they must be met fairly; and they then proceed to follow the fetish of the past and legislate in the same

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old way that they used to legislate before the Great War broke all business conditions away from their past moorings and left the world's affairs adrift in a stormy sea without compass or rudder.

The Congress of the United States, taken collectively, is a very timid body of men, composed individually of many highly intelligent, honest and industrious members who rarely have the courage to march in a body in advance of public sentiment or of the declared sentiment of their immediate constituencies. This is particularly true in matters where the issues involved have in the past divided the two great political parties along partisan lines, such as the economic and industrial equations that grow out of the adjustment of customs tariff taxes. The politician fears to abandon the war-cry that has become the shibboleth of his party until he is more than sure that his constituency has faced about and is viewing the economic facts involved in the light of the conditions that now confront us, rather than in the light of the political theories of the past.

I say this before discussing the tariff law recently adopted by the party in power in order that we may understand the motive lying behind its enactment. It is conceded that the new tariff law has inaugurated at the custom houses the highest system of taxation on competitive articles that has ever been written in the history of this country, and it is hard to realize how Congress could have taken such a step if we do not remember what I said above: that the Congressman is slow to abandon his party shibboleth until he is very, very sure that his constituency has faced about on the question. That they must "about face" or fall heir to permanent business depression is clear to my mind; not that I think the pendulum should swing to the furthest opposite extreme and go from high protection to free trade, but that the tariff taxes should be so adjusted as to allow reasonable competition from abroad with all articles that invite competition. By that I do not mean destructive competition, but a dividing of the whole market to a reasonable extent with the foreign producer in order that his goods may come in to pay us for merchandise we send out.

I do not contend that we can cure Europe of the economic and business crisis that confronts her. Probably, in the last analysis, only time will restore healthy business conditions. But we can, to a large extent, adjust our laws and our trade methods to meet existing conditions in Europe, in order that we can find markets

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for our surplus production. We cannot have real, satisfactory business or anything approaching prosperity in the United States until Europe is on the mend, for there lies the market for the overproduction of our fields and our factories. We are part and parcel of a great world-wide economic system. The politician may encourage the people to believe in an ideal of splendid isolation, but the last two years have taught us the lesson that distress anywhere will sooner or later be registered here in the price we obtain for the products of our labor and that the present derangement in Europe must of necessity bring a tremendous drag upon our future development.

Let us come to the understanding now that a bushel of wheat or a bale of cotton does not only involve the problem of its sale, but that when it is sold it creates a market for a stove, a winter overcoat, a plow or an automobile, and therefore the domestic producer and domestic manufacturer, relying solely on the domestic market in which to dispose of the output of the farm or the factory, have an equal interest in the sale of our surplus production abroad with the man who is actually selling there. Unless agriculture can be paid for its surplus products, manufacture will fail for lack of a home market.

The present depression began with agriculture. Within twelve months' time the purchasing power of the product of the farm declined at least one-third and all industries that were sustained by the farmers' trade were thrown into the general depression. There is no secret about the cause that produced the collapse in prices. It was undoubtedly due to the failure of our European customers to buy liberally of the cotton produced in the South, the wheat produced in the North and the meat produced in the West; not that the needs of the European populations had diminished, but that they could not buy in normal quantities because they had no means of payment.

We must bear in mind that the countries producing so-called raw material, such as cotton, wheat and wool, and semi-raw material, such as flour and slaughtered meat, were (with the exception of Russia) not injured by the war, but were stimulated into increased production, and that today competition along these lines is as intense as it was before the war.

The importance of this question of finding a way to aid Europe in purchasing our unmanufactured commodities is shown by the domestic exports for the year 1920, the value of which amounted

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to something over $8,000,000,000, of which amount $4,120,000,000 represented agricultural commodities in the raw state or semi-finished form. Four commodities made up more than 80 per cent of the total agricultural exports. We exported in that year cotton to the value of $1,538,000,000, breadstuffs to the extent of $1,078,000,000, and animals and animal products to the extent of $481,000,000; tobacco, taking fourth place among our agricultural exports, we exported to the extent of nearly $290,000,000. The continued lack of purchasing power in the European markets in the year 1921 reduced our domestic exports to $4,379,000,000, of which over $2,800,000,000 came from the farms and fields of America, with the resultant loss of price to the farmer and the resultant curtailment of markets to the business man and manufacturer. In the fiscal year ending June 30, 1922, our exports to Europe had fallen to $2,067,000,000, agriculture producing much the larger percentage of exports, whereas our imports from Europe amounted to something over $830,000,000, leaving an excess trade balance of something over $1,236,000,000 that must be paid, together with the interest on the indebtedness due us from European countries.

This same condition will arise next year and the year after, with continuing diminishing exports, not because of lack of demand in the European markets but entirely due to the inability of the people of Europe to find means or methods by which to pay us for our goods. This statement is sustained by the fact that whereas we have had diminishing markets continually for the last few years for the products of our fields and farms, other countries producing raw material have been increasing their exports.

In this connection, bearing in mind that the ultimate consumer must pay the price or satisfy the debt, let us not forget that the governments of Europe owe to our government approximately twelve billion dollars, including the accrued and unpaid interest, and it has been stated so often by reliable authority, and left uncontradicted, that we can also accept without cavil the statement that there are balances on open account of four billion dollars due by the people of Europe to the people of America, and in addition thereto there are two billion dollars of stocks and bonds and other private investments that came from Europe and are now owned by our people. The governments and peoples of Europe therefore owe our people and our government at least eighteen billions of dollars.

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This enormous sum of money cannot, of course, be paid in the immediate future, but it is of no value unless we can collect the interest on it and a small amortization charge looking to its ultimate payment. Counting 5 per cent interest and 1 per cent a year for amortization, Europe should pay us $1,080,000,000 yearly. Add this to the excess of exports over imports for last year of $1,236,000,000 and it gives a balance in our favor that Europe must pay to us of about two and one-quarter billion dollars a year.

The problem then is one of payment. The various methods by which a foreign debtor may procure gold with which to pay his debts are well recognized and have been stated as follows:[1]

> "Work in America, part of the proceeds of which are sent back to the mother country (immigrant remittances).
>
> "Gifts of dollars (relief remittances).
>
> "Services or sales to Americans abroad (tourist expenditures).
>
> "Services to American business, principally that transacted abroad (freight, insurance, banking, brokerage and other like 'invisibles').
>
> "Payments of principal or interest on dollar loans or investments previously made by the debtor.
>
> "Sales of goods or other values in America (foreign exports).
>
> "These methods may be direct, or the debtor through one or more of such means may become creditor of a third party, who through one of these methods has secured dollar exchange which he turns over to his creditor, thus creating what is known as a 'triangular' operation."

It may be stated by some that Europe may pay us in gold remittances, but, of course, this cannot be done, because Europe confessedly does not own the gold. Immigrant remittances have been greatly reduced since the Great War and the passage of restrictive immigration laws by Congress. The American people have been very liberal in their gifts to the peoples of Europe during and since the Great War, but the amount of the relief remittances and tourists' expenditures is small, quite small compared to the enormous sums required to pay for the commodities we desire to export to Europe. The same is true of freight, insurance, banking and brokerage charges. Although we owed to Europe at the outbreak of the war something like five billion dollars in American securities held abroad, practically speaking

[1]John Foster Dulles, in *Foreign Affairs*, Vol. I, No. 1, p. 119.

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they are all at home again and the amount of money that is going to Europe in payment of principal or interest on foreign loans is now very small, so that it brings us clearly to the point where if we expect to collect our debts and continue to export our wheat, meat, cotton and manufactures we must receive payment for them by admitting liberal importation of foreign goods into this country from the manufacturies of Europe.

Of course, it is an entire reversal of our business life. I do not contend that it is easy of attainment; but it must be attained sooner or later, for only so can we continue the circle of trade that allows business to develop and flourish and brings prosperity to the mass of the people.

We have at last awakened to the realization that foreign and domestic trade are not in separate water-tight compartments—that they flow through the same pipes and seek a common level. We cannot live by ourselves, shut off from the balance of the world, without working harm to our economic system that would require many years for repair. Our industrial development is adjusted to the world's growth and the world's existing economic system, and we can only cure the business evils confronting us by recognizing these economic facts as the base from which we must build the prosperity of the future. I do not think that it can be controverted that if we are to receive payment for the goods we ship abroad we must allow at least sufficient goods to come into this country to satisfy the balance of trade. There is no other way out.

It may be said that large imports for consumption are coming into this country today and that the new tariff of exclusion does not materially affect the result. But this does not satisfy the equation. The goods coming into this country from abroad have arrived largely in the shape of raw material or semi-manufactured articles that we do not produce in America, or at least of which we do not produce sufficient to supply the home consumption: sugar, for instance, where the American production does not more than half-way supply the American consumption; hides, where the home production is not adequate to supply the raw material demanded by the business of the manufacturer; and coffees and teas that are not produced in continental America at all. And so we might go on through the list of goods that are coming into the country and find that they are not really competitive, that they are only filling voids that nothing else could fill. Even in our

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manufactures this is also true. Take cotton manufactures. In 1919 we produced $2,187,000,000 worth of cotton manufactures in America. These largely went into the sales of 1920. In 1920 we exported $320,000,000 and imported $107,000,000 of cotton manufactures. Our exports were greater than our imports and the imports amounted to less than five per cent of the American production, and when analyzed it will be found that these imports were largely of a high grade class of goods manufactured under conditions that America cannot rival and supplying a market that the American manufacturer was unable to supply, except in goods of inferior texture.

This condition existed under tariff taxes that were supposed to be comparatively low. Yet, in the face of this condition, the government has enacted the highest and most exclusive system of taxation at the custom house that has been inaugurated since the beginning of the government. It still lets in non-competitive or practically non-competitive products; but on that class of goods where competition can exist it has so enormously increased the taxation as to allow, comparatively speaking, none to come in, thus giving the American manufacturer a monopoly of the American market and to that extent preventing the European consumer of our products from sending to us the production of his labor in return for what we send abroad.

In brief, where the monopolistic control of our domestic market is not disturbed foreign goods are allowed to enter, in many cases without paying taxes, and to that extent are helpful in adjusting the international balance of trade; but where the home manufacturer has demanded the exclusive right to exploit the home people in his own interest a prohibitive tariff tax has been enacted to bar the way to our markets, and to that extent the natural flow of commerce has been stopped. I say this in regard to the main features of the tariff law. There are some exceptions of course, for a protective tariff law is always a piebald affair, made so by the greed of special interests.

Immediately after the close of the war there was much apprehension lest Europe's distress should cause the backward flow or dumping of large amounts of goods on our markets and produce disaster here. It was by taking advantage of this sentiment that the selfish manufacturer was enabled to get into the saddle and ride through a most iniquitous tariff law, the entire tendency of which is to close rather than open the channels of trade, destroy

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our commerce with foreign countries and, in the end, prove injurious to the men who encouraged its enactment.

In the industrial life of the nation there has been nothing more helpful in lessening costs and increasing production than the development of electrical machinery. Electrical power comes out of the dynamo and flows through a circle back to the source of power. It will run railroads, work great lathes in steel mills, light cities and transport people, as long as the circle of power remains unbroken; but break it at one point and it ceases to exist so far as its effectiveness is concerned. The same is true of our trade relations with the world. The circle of trade has been broken. It must be mended in order that it may go on vigorously again. So far as we are concerned, the wire will remain grounded and lack sufficient power until the consumers of our products in Europe are supplied with the opportunity to pay us for what they buy. The most effective thing that could happen to us to produce this result would be a real and effective increase of imports coming into the United States from the factories and foundries of Europe. It would supply the markets for our farm products and much of our semi-raw materials. The American manufacturer would then be able to sell his goods in the home market and the depression in the cotton and wheat markets would disappear. There would be a revival of business all along the line and a gradual moving onward toward conditions of permanent prosperity in the country, which, in my judgment, can be produced in no other way.

If there is any other way in which we can receive payment for the goods we want to sell abroad and if there is any other way in which we can receive payment from our European debtors, except by barter and trade, by the exchange of commodities, by tearing down the prohibitive tax wall recently erected and allowing reasonable importations of European manufactures to come into this country, I do not know what it is.

In the decades gone by, when we were a debtor nation, the protectionist would point with pride to our then small exports and say the payment would come back in "shining gold," but it did not—and it could not—come back that way.

Let us balance the books from the birth of the nation down to the time of the Great War, and what do we find? Between 1790 and 1915, inclusive, we exported the products of our fields, our mines and our factories as the surplus production of American labor to the value of $58,820,315,030. We received in return (in

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barter and trade) merchandise of foreign production to the value of $49,999,482,199. The balance of trade was with us to the extent of $8,820,832,831.

Examination of the statistics showing the imports and exports for the period named above discloses the fact that we actually sent out of our country $1,678,695,174 more gold and silver than actually came back. The excess of exports over imports in the period of one hundred and twenty-five years averaged $83,997,825 yearly and it must be borne in mind that for the greater portion of the period the nation had low or moderate taxes on the importation of goods into this country. How was the excess balance paid if not in trade balance or with gold? It was paid by exchange charges, by carriage charges, by tourists' expenditures abroad and other invisible means, a loss of that much of our national wealth for which we received no visible return.

Let us not forget that under the comparatively low tariff rates of the customs tariff act of 1913, recently repealed, from 1915 to and including 1920 we became the great creditor nation of the world and during that period our exports of merchandise and bullion over imports of similar commodities exceeded eighteen billion dollars, an average of three billion, six hundred million each year. Trade begets trade, exclusion produces stagnation, and laws passed in favor of monopoly will in the end be destructive of both capital and labor.

When the new states of Europe were created by the Treaty of Versailles their new governments, lacking revenue and not daring to impose direct taxes on their people, resorted to the dangerous expedient of imposing high taxes at the border on merchandise seeking to enter their markets from abroad. An immediate slowing down of commerce resulted. The old lines of trade that had existed for decades and centuries were disrupted, new markets could not be built up over night and industrial disaster followed. The inability of the various peoples of Europe to trade among themselves freely is one of the great impediments in the way of a return to healthy business conditions. For illustration consider Vienna, at one time the great capital of the Austro-Hungarian Empire and one of the great trade marts of the world, today a city of unemployed and hungry people. This condition is not due primarily to war disasters but rather to the artificial trade barriers erected by the governments of the new nations carved out of the old Empire.

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On the other hand, consider what has aided most in the upbuilding of American trade and commerce. You say the great natural resources of our country. These have of course aided, but the whole answer is not there. Russia has as great natural resources as we have and China does not lag far behind. You say the business genius of our people. Admitted, but we do not stand alone in that respect. As merchants and manufacturers we have not outrivaled the English, French and Germans. The leading factor in the building of business America has been the ready means of communication between the states of the Union, unhampered, for one hundred and fifty years, by artificial barriers to trade. This has enabled us to build up the greatest home market the world has ever known.

The business history of the United States, its free growth and wonderful development, should be taken as a lesson by the business men of the world when they are considering measures to alleviate the disasters confronting us today. There must be better and more free trade communication and the policy of building artificial barriers to stop commerce at national borders must be abandoned.

It has been said there is nothing new in the world, and that statement holds true concerning the laws of trade. These laws are based on the accumulated experience and wisdom of the ages; they date at least as far back as the ancient civilization of Egypt. They have been continually violated by the avaricious, and the violator has always paid the penalty.

Time has taught us that a creditor nation cannot exclude from its borders the merchandise of other countries without destroying the foreign market for the product of its own people's labor. It may live upon its own fat for a time, but in the end, so far as trade is concerned, it will become a hermit nation and die of dry rot. The way is clear for the future. If we wish to travel the road of prosperity and plenty for all we must break down the barriers that stop the natural flow of trade and commerce.

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THE UNITED STATES AND REPARATIONS

By Allyn A. Young

THE reparations controversy goes from bad to worse. "We are well out of it," one often hears it said. In one view—a short-sighted view—we are, perhaps, comfortably out of it. But are we rightly and honorably out of it? I do not see how, in common honesty, thoughtful Americans can hold that we are.

By entering the war we created and accepted responsibilities we have not yet discharged. Those responsibilities are to the peoples whose defeat our participation secured no less than to those with whom we were allied as victors. Just when it seemed that a German victory was to create a new hegemony in Europe, we threw our weight on the other side and made another outcome certain. Germany was left disarmed within diminished boundaries. France, freed of immediate danger, found herself just disappointingly and tantalizingly short of the position all her history had taught her to believe necessary to her permanent safety. The peoples of Eastern Europe were left to the difficult and precarious task of settling themselves down into a new political framework. Europe and its problems are in part our handiwork. Disowning them does not alter the fact.

If we entered the war merely to protect our own interests, we went farther than those interests demanded and meddled with matters which were not our concern. If we entered it to prevent what we thought to be an intolerable outcome, we are responsible for the other outcome we helped to secure. Doubtless if we had kept our troops at home Europe today would have been no less troubled than in fact it is. In all probability the outlook toward the future would have been darker. If we had done nothing more than scrupulously guard our own interests, Europe's problems, we may well believe, would have been even more desperate than they are. We merely helped to shape those problems—to determine just what they should be. Responsibilities, however, are for actual events, not for abstract or hypothetical states of affairs. For a little while we exerted a tremendous pressure upon the course of events in Europe. Then, satisfied that the European balance had been tipped definitely in one direction rather than the other, we left Europe to right herself as best she could.

Some will say that by agreeing to a treaty of peace we could

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not or would not accept, the states of Europe have released us from our responsibilities. Three different circumstances make it impossible to attach any weight to that point. First, Germany did not sign the treaty by choice. Her unwilling assent does not free us of our responsibilities to her. Our separate treaty, in which we saved our own interests, does not lessen the uncertainties of the position in Europe to which the war reduced her. Second, through our President, whom the Constitution makes our agent in such matters, we participated in the drafting of the treaty. That at the time we had a Senate which would not support the President, or a President who did not command the support of the Senate, is attributable to a peculiarity of our system of government—a peculiarity for which the states of Europe can hardly be held accountable. Third, the present economic problems of Europe, in their larger aspects, were created, not by the Treaty of Versailles, but by the war. The treaty, it is true, has not helped to lessen or simplify those problems. It has, beyond doubt, made some of them more difficult to solve. But it has done far less to aggravate them than the unsound financial policies of the separate states have done.

It is necessary, of course, to distinguish the "effects of the treaty" from the effects of the unwise decisions subsequently made by the Allied Governments "under the treaty." Save perhaps for the invasion of the Ruhr, all the various steps thus far taken in determining and collecting reparations payments have probably been within the terms of the treaty. Nevertheless they have been new decisions, new acts. A wholly different course of action, at once more moderate and more productive, would have been equally in conformity with the treaty. Those who have been clamoring for a revision of the Treaty of Versailles have really wanted a change of heart, or at least a change of policy, on the part of the Allied Governments. By obscuring this elementary but important distinction they have injured their own cause.

There is a partial excuse for the harsh and unproductive way in which reparation problems have been handled. The treaty was framed on the assumption that the United States would accept it and would help to administer it. It was on that premise that the other states represented at Paris agreed to its provisions. Our defection virtually revised the treaty for the worse. In two different ways it created a new situation not contemplated in the treaty.

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In the first place, the treaty did not settle the reparations problem. Its provisions are tentative and indeterminate. Large and elastic powers are entrusted to the Reparations Commission. Power to modify the reparations clauses, and, in particular, to reduce the minimum figure set by the treaty, were given to the governments of the seven powers that were to be represented on the Reparations Commission. Nobody pretends that these indefinite arrangements were the best conceivable disposition of the matter. I believe that under all the conditions they came close to being the best disposition practicable. They held possibilities of evil and possibilities—probably somewhat larger—of good. At best these arrangements were bound to encounter serious difficulties, for they had to do with matters on which the Allies could reach no real agreement after months of discussion at Paris. The non-participation of the United States has made them well-nigh unworkable. Wise or unwise, our opinions, if we had remained in a position to assert them, would have had weight. The problems of reparations would not have degenerated into a series of quarrels between France and England. England, if she could have been forewarned of our withdrawal, might well have hesitated to commit herself to so unpromising an enterprise. A definite agreement at Paris—even one impossible from the outset—might have been preferable.

It is only reasonable to assume, moreover, that our influence would have counted toward sanity and moderation. This does not mean that we can claim any superior measure of wisdom or tolerance, but merely that we should have had no large immediate interests of our own at stake. For that reason our vision might have been clearer and our judgment more impartial. At the Paris Conference President Wilson and his colleagues strove, with partial success, to secure reparations provisions that would be both just and practicable. There is no reason to expect that that general attitude would have changed. It is safe to say that neither the French nor the British expected it to change.

There is another way in which our non-participation has increased the difficulty of the reparations settlement. It has changed the character of the problem itself, giving it a new admixture of political and military elements. The world knows with what tenacity France, in 1919, held that a military frontier at the Rhine was necessary to her safety, and with what reluctance she gave up that ambition. In exchange she got the general

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guarantees of the League of Nations and the arrangement by which Great Britain and the United States were to come to her help in case of an unprovoked attack by Germany. The League is weakened by our refusal to adhere to it, and we have rejected the proposed tripartite agreement. France finds that she has made a bad bargain. Or rather, because we have failed to honor our obligations, she may feel that she has made no bargain at all. Casting about for some means of regaining that liberty of action by which she can, in effect, reopen the whole question, she finds only the reparations clauses and their sanctions.

It would be unprofitable to try to find a single reasoned motive in recent developments of French policy with respect to reparations. Generally motives are mixed. Dissatisfaction with a present status may prompt action, even when no definite objective is clearly seen. One thing, however, is fairly certain, and that is that the French army did not go into the Ruhr solely in quest of reparations. French economic policy has features for which it is hard to find a rational explanation, but it is impossible to imagine that the members of the French Government really expected that coal could be had more cheaply and in larger quantities by sending soldiers to get it, or that cutting off Germany's richest industrial district would increase either her capacity or her willingness to pay. With the United States in the reparations councils, and with the promised guarantees made effective, France would not have had even a colorable pretext for invading the Ruhr.

During the past three years the Allied Governments and Germany together have managed to make a pretty complete fiasco of reparations. Germany has been derelict in that she has done little or nothing to put her own domestic finances in order—something that must be accomplished before she can make large foreign payments with any regularity. This is a matter of much larger consequence than her "voluntary defaults" under the terms of the treaty. The Allied Governments have been at fault in that they have done much to embarrass and nothing to help the efforts of the German Government to strengthen its domestic political and financial position. The worst single feature in the policy of Germany's creditors has been the French insistence upon the absurd and vicious system of "productive guarantees"—arrangements that produce little and guarantee nothing. It does not

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appear that until lately the Allied Governments had given any serious consideration to what is, after all, their most important problem, namely, the methods by which maximum payments can be secured from Germany with minimum friction and with a minimum of disturbing effects upon trade and finance.

Before the reparations clauses of the Treaty of Versailles were drafted various estimates were made of the amount Germany would be able to pay. Estimates that were based on her wealth, her total national income, or her taxable capacity may be put to one side, as having no practical importance—for a country cannot export its land, its income, or its taxes. The only estimates that can be given any weight were based on the premise that the limits were set by the means of payment that would be available. Assuming that the payments would be continued for a period, at the most, of not much more than thirty years, the estimates of the present worth or capital value of the maximum payments that Germany could be expected to make ran from 60,000,000,000 gold marks (I know of no careful estimate that gave a larger sum) down to a little more than half that figure.

The differences between the maximum and minimum estimates did not turn upon matters of economic fact. They reflected, in the main, different degrees of optimism respecting the extent to which Germany would be assisted, or permitted, to make the largest payments possible. The policy of the Allied Governments during the past three years has been such as to give comfort to the pessimists. What in 1919 was a possible maximum is now impossible. It must be written down by a third or even a half. Unless there is a definite change in the administration of reparations, and unless the expenses of maintaining the armies of occupation are greatly reduced, the minimum estimates made in 1919 will prove to have been too large.

In most of the estimates a distinction was made between the immediate payments that might be made within the first few years and the later payments that depended upon Germany's ability to send or sell to other countries more than she bought from them. The estimates put the immediate payments at between 12,000,000,000 and 20,000,000,000 gold marks. Such things as the transfer of the German merchant marine, of railway rolling stock, of the Saar mines, of public property in ceded territories, and immediate deliveries in kind were included in the estimates. So far as such items were concerned most of the

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estimates have proved to be somewhat too large, partly because the credit finally allowed on account of merchant ships and other items was smaller than was indicated by prices prevailing where the estimates were made, and partly because the Allies refused to credit the reparations account with certain items—notably the German state railways in Alsace-Lorraine—which had been allowed for in some of the estimates.

At once the largest and the most uncertain item in the estimate of Germany's cash assets was the amount that might be realized from the sale of the foreign holdings of German citizens. The total value of such holdings before the war was possibly as much as 30,000,000,000 gold marks—although any estimate is hardly better than a guess. Some of these holdings were sold during the war, some were sequestered in enemy countries and assigned by the treaty to the settlement of other claims, some were small individual properties, and some were in Russia. Foreign holdings at the end of the war in the form of negotiable securities amounted probably to not more than 12,000,000,000 gold marks, and not more than half, or at the most three-fifths, of these were such as could be sold in the international market within a reasonable period of time without heavy loss. Shrunken though these assets were, the failure of the Allied Governments to try to harvest what they could of them seems inexplicable, although in this particular—as in others—the major portion of the blame must be put upon the weakness of Germany's financial policy. The amazing success of the operations attending France's payment of the indemnity of 5,000,000,000 francs in and after 1871 rested very largely upon her ability to induce her citizens to give up their holdings of foreign securities and to accept *rentes* instead. But, it will be remembered, French financial policy at that time was in the able hands of Thiers and Léon Say. In the present juncture, it is clear, France has neither sought nor given weight to the opinions of her competent economists. In Germany, such opinions may have been sought, but it does not appear that they have been followed.

The prospects for such payments as would arise out of a favorable balance of trade are in even worse state. Germany's financial policy has been such as to delay any wholesome and genuine recovery of export trade, while the creditor nations have done much to hinder such a recovery. To pay reparations Germany must export more than she did before the war, or import

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less, or both. During the past three years the volume of her foreign trade has been no more than two-fifths of what it was before the war. The increasing price of foreign exchange has from time to time given a temporary fillip to Germany's export industries, although it is far from certain that the total *value* of her exports would not have been greater if the depreciation of the mark had been less. But imports have consistently exceeded exports. German industries, even the export industries, are largely dependent on imported raw materials. Foods have continued to be imported. In some measure the depreciation of the mark has itself stimulated imports, by prompting importers to seek profits from the probable further rise of foreign exchange and of the prices of imported goods.

Despite the loss of the profits on her former carrying trade, the "invisible" balance of payments, reparations aside, has undoubtedly been in Germany's favor. The disparity between the amount of foreign currency that would buy a mark and what a mark would buy within Germany has led to large investments in German property on the part of capitalists in Holland and other West-European countries. (The gold the United States has been receiving from those countries has probably come, in considerable part, as an indirect result of such operations.) Germans, too, have been exporting capital, but in smaller amounts.

It is out of this favorable balance of imports of capital, no doubt, that the German Government has been able to rake together the small amount of gold exchange it has been able to turn over to its creditors. But Germany and her creditors have allowed larger possible payments of the same sort to slip through their fingers. There has been no attempt at an efficient control of the foreign-exchange market in Germany.[1] Generally the best thing governments can do in such a situation is to get out of the way of the recovery of private business and financial enterprise. But Germany's problem cannot be solved by laissez-faire methods alone. For her a favorable balance of international payments is an artificial thing and must be created by artificial means. Restricting commodity imports alone, as by higher customs duties, will not accomplish the purpose. Invisible as well as visible imports must be dealt with. The German Government, as

[1] This point is ably developed by Professor B. Nogaro, of the Faculty of Law of the University of Paris, in his recent book, "Réparations, dettes interalliés, et restauration monétaire" (Paris, 1922).

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a large buyer of foreign exchange, must protect itself in some way against the competition of those of its citizens who want to export capital as well as against those who want to import goods.

The simplest and probably the most efficient method is to put the foreign-exchange market under strict supervision. I do not mean that the government should attempt to fix the rate at which foreign bills should be bought and sold, but that in some way, as by establishing a central market or by an efficient system of licensing, German buyers of foreign bills should be compelled to disclose their purposes and permit them to be passed upon. The export of German capital could in this manner be greatly decreased. The measures already taken to secure that end affect only relatively unimportant aspects of the problem. It might be difficult to curtail unnecessary imports of "luxury goods" drastically without incurring the opposition of France or of other countries which produce such goods. But it ought to be possible to cut down in some degree unnecessary imports of whatever sort.

As matters have gone, foreign funds out of which reparation payments might have been made have eluded Germany and her creditors, and the German Government has had to pay a ruinously high price for the funds she has been able to secure. The full price paid is not revealed by the quotations of foreign-exchange rates. The rest of it one will find in the wrecking of the finances and the monetary system of the country. The foreign-exchange operations of the government have been an important cause—not the only cause—of the downfall of the mark. From time to time the German Government, supplied with new marks of its own making, has come into the market as a buyer of foreign bills. To get any considerable part of the small and inelastic supply away from private buyers the price had to be bid up to an absurd figure—quite out of line with the general domestic price level. The prices of imported and exportable goods naturally followed the rise of foreign exchange, and—since foreign and domestic markets are connected in various ways—domestic prices also were bound to increase. The rise of foreign-exchange rates and of prices in general has been out of all proportion to the increase in the quantity of money in circulation. During the past few years money has not been "redundant" in Germany. It has been scarce. The output of marks, enormous as it has been, has not kept up with the rising price level, which in turn has lagged behind the increase of foreign-exchange rates. It is impossible for

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Germany to stabilize her currency until she can create a favorable balance of foreign payments in some other way than by bidding up the price of foreign bills.

Furthermore, as everybody knows, the depreciation of the mark has multiplied the difficulties of Germany's budget. A depreciating currency makes most sorts of taxes unproductive. And as taxes become unproductive larger issues of paper money are needed to make up the deficit in the budget. At best German taxation has been inadequate. Comparisons of the weight of taxation in Germany and in France are untrustworthy, by reason of the rapid changes of prices and incomes. Nor is there any particular reason why German taxes should not be considerably heavier than French—and that quite apart from the fact that, in proportion to the magnitude of her own financial problems, France is distinctly undertaxed. It is certain that taxes have been very much lighter in Germany than in either Great Britain or the United States. But in Germany there has been in addition a heavy burden of disguised taxation, unequal and unjust in its incidence, in the form of the general downward trend of the purchasing power of money incomes.

Germany, in short, has not done all that she could, or even what might reasonably have been expected of her. Through weakness or the lack of either courage or good-will, she has handicapped herself by her loose management of her finances and of her foreign-exchange operations. It may be, as is claimed in France, that German policy has changed for the worse since the days of Wirth and Rathenau. But the policies of the Allied Governments, and particularly of France, have been equally at fault. Preoccupied with non-productive sanctions, sacrificing ultimate for immediate results, proceeding according to no definite economic program, the Allies have permitted and in a measure compelled Germany to do far less than what, under a wiser régime, she might have done. It is true that they have adjured her to balance her budget. But they have not relaxed the persistent pressure that makes the stabilization of her currency—a necessary preliminary—impossible.

From this distance the most serious error in Great Britain's dealings with France appears to have been Mr. Lloyd George's failure to stand firmly by the provisions of the Treaty of Versailles until such time as experience had shown those provisions

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to be unworkable. Germany's minimum liability was fixed by the treaty at 60,000,000,000 gold marks—the largest figure reached by any of the more careful estimates. Further obligations were to be imposed on Germany when, and only when, the Reparations Commission was satisfied of Germany's ability to meet them. But from the very first the obvious intent of the treaty seems to have been disregarded. Time was wasted in a fruitless attempt to get an agreement with Germany upon a definite sum. From the beginning the figures suggested by the representatives of the Allied Governments were higher than the minimum named in the treaty. Such was the case at Boulogne and Brussels in 1920 and at Paris and London in 1921. Finally, by decision of the Reparations Commission, announced on April 27, 1921, Germany's total indebtedness was fixed at 132,000,000,000 gold marks. This in itself was less important than the further decision that Germany should pay 2,000,000,000 gold marks annually, plus an amount equal to 26 per cent of her exports. On any basis these are much larger figures than the minimum annual payments contemplated by the treaty.

Those, time has shown, were too large—much too large when the heavy payments demanded for the upkeep of the armies of occupation were added to them. Germany could not have met them. Nevertheless, I think, departing from them postponed a permanent solution of the reparations problem by several years. At Paris in 1919 a good deal was accomplished in securing recognition, reluctant though it was, of the fundamental limiting facts of the case. That work was undone, and the way was opened for the consolidation of the French political situation around nothing sounder than economic fantasies. Here again our non-participation has cost the world heavily. Assuming merely that, had we not withdrawn, the general position taken by the American representatives at Paris would have been maintained, it is distinctly probable that the past three years would have been years of progress instead of retrogression in the handling of the reparations problem.

Before the end of 1921 it became clear that the program agreed upon earlier would break down. Mr. Lloyd George began to move definitely in the direction of securing a revised and more moderate program. But when it became evident that M. Briand was willing to go some little distance with Mr. Lloyd George, M. Poincaré was put at the head of the French Government.

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Various palliatives—postponements and temporary reductions of payments and deliveries on account of reparations—saved the situation until late in the year 1922. But with the accession of the Bonar Law government the British attitude became more decided if not more moderate. The French attitude stiffened. Then came the break at Paris, the decision by a majority of the Reparations Commission that Germany had voluntarily defaulted in the deliveries required of her, and the seizure of the Ruhr.

Any careful study of the opposed proposals upon which France and Great Britain split at Paris will show that a final settlement of the problem of reparations is exceedingly difficult. The divergence expressed by the two documents is radical and complete. The differences are not confined to specific proposals. The two interpretations of the nature of the problem itself are as far apart as the poles.

With respect to the interallied debt, France would either cancel all of it now or postpone consideration of the matter until after reparations had been secured. Great Britain, as creditor, would give a receipt in full in exchange for an assignment to her by Italy of 1,500,000,000 gold marks of reparations credits, and a similar assignment of about 2,000,000,000 gold marks by France—the latter item being the amount of France's claim on account of Belgium's war debt. Despite the fact that these particular differences figured largely in the discussions, I doubt that in themselves they were unsurmountable obstacles to an agreement.

Great Britain proposed a moratorium of four years during which Germany would have to make no cash payments, but would have to continue deliveries in kind, although in reduced quantities. Germany would be obligated to stabilize her currency and balance her budget during the first part of this period. France proposed a partial moratorium of not more than two years. The moratorium would really be nominal. Deliveries in kind would continue. During the moratorium period an allied commission completely under French control would collect taxes on coal production and on exports from the occupied region, including the Ruhr. These taxes would be collected so far as possible in foreign currencies, and foreign bills of exchange originating in the region would be appropriated. With certain smaller items, these sources or "guarantees" were expected to produce 1,000,000,000 gold marks. They would be enough in themselves, very likely, to make the difference between the

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success or failure of the attempts Germany might make to put her finances in order.

The most important difference between the two plans, however, was with respect to the nature and degree of the surveillance to be exercised over Germany's economic life. The British plan was formulated on the premise that Germany should herself be made responsible, and that she should be left almost wholly free to find her own ways and means of making payments. It would do away with the so-called guarantees, and in their stead establish at Berlin an advisory Foreign Finance Council of six members, including representatives of neutral states (one an American) with the German Finance Minister as chairman and able to cast a deciding vote. In general, the British plan carefully avoids infringements of German sovereignty. The French plan would retain, strengthen, and increase the "guarantees." It gives the Committee on Guarantees not merely inquisitorial duties, but power also over the German budget and the Reichsbank. The British plan, in short, aims to enable Germany to make larger payments and to make them more easily and more willingly. The French plan leaves nothing to the uncertainties of the future. Its aim appears to be that not a mark anywhere now available shall be overlooked.

I have reviewed these two plans because they make perfectly clear the two diverging roads that are open in the treatment of reparations problems. There is no middle road. The governments that have tried to find one have failed. The issue is not one which invites the United States, or any other country, to play the rôle of mediator or arbiter. Mediation succeeds when the parties to a controversy are already close to an agreement, or when their demands really overlap, so that all that is left is a matter of bargaining. Arbitration always means compromise. There was a time when temporizing compromises with respect to reparations seemed worth trying. But, for reasons I have tried to suggest, they led finally in the wrong direction. Expediency no longer has any part in the problem. It has become a straightforward question of right and wrong.

We might, in accordance with a suggestion Secretary Hughes has sponsored, participate in an inquiry into Germany's capacity to pay. It is possible that some good would be done. Public opinion might back an impartial finding. But, on the whole, it

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would be an enterprise of minor importance. The total amount to be collected from Germany is not a matter on which Great Britain and France now disagree, even though the British plan submitted at Paris was more elastic than the French with respect to the distribution of the payments in successive years. The capital sum proposed in both plans is 50,000,000,000 gold marks. This is undoubtedly more than Germany can pay. But just now the question of the moratorium and the guarantees are vastly more important. If those questions can be settled, the final determination of the total amount to be paid can afford to wait.

Participation in a conference on international economic problems might possibly accomplish more. There is also a chance that it might accomplish little or nothing. Such a conference would be unprofitable if its discussions were restricted to technical questions of ways and means. The world's largest economic problems are essentially political problems. They are bound up with national policies and national attitudes. If anything really valuable is to be accomplished by an international economic conference each participant would have to be prepared to give up something as well as to advise others to give up something, to assume responsibilities as well as to try to allocate them. Moreover, to achieve results, one conference would hardly be sufficient. The adjustments to be made are difficult and complex. Sustained pressure in a rightly-chosen direction will be needed. A series of conferences or, better yet, a continuing participation in the world's economic councils, would accomplish more.

We can hardly expect to make our influence felt effectively in the settlement of European economic problems unless we are prepared to assume responsibilities other than those of an advisor or impartial referee. Even the cancellation of the debts European nations owe us would not, I imagine, be sufficient to secure for us any real influence upon the course of events. Outside of England those debts do not seem to have given rise to any really serious concern.

There is one way in which, more surely than in any other, we can help to put an end to Europe's uncertainties, so that she can turn her energies into her economic recovery—to her profit and ours. That is by taking up again the responsibilities we laid down in 1919. What Europe needs more than friendly counsel or even than loans is a lessening of her burden of fear and distrust.

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ISLAM AND BRITAIN

By Sir Valentine Chirol

ISLAM alone of all the great religions of the human race was born sword in hand. Islam has always relied on the sword, and for thirteen hundred years the Mollah who reads the Friday prayers in the Mosques wears a sword, even if only made of wood, as a symbol of his creed. Today Turkey, having cheated the Nemesis which four years ago seemed to have irretrievably overtaken her, claims to speak in the name of Islam; and millions of Mohammedans, including Indian Mohammedans, acclaim her as the invincible sword of the Faith, whilst other millions of Asiatics who are not Mohammedan hail her as the champion and spearhead of an Asian revolt against the West.

This is a grave portent for all the Western nations that are in close contact with the East; especially grave for Britain, who by a singular procession of events has become a great Asiatic Empire and rules in India alone over roughly a quarter of all the Mohammedans in the world; and gravest of all when one looks back on Turkey's record ever since she emerged into history.

From the time when the Turks streamed westward out of their pagan homelands in Central Asia and picked up Islam on the way, they have destroyed but never built. They destroyed Saracenic civilization when they broke up all the early Mohammedan States of Western Asia, and, wresting the leadership of Islam from the more highly gifted Semitic Arabs, they impressed upon it the baser stamp of their Turanian race. Stout fighters to the present day, they have contributed nothing of their own to human progress, nothing to science or art or literature, and what they borrowed from Persians and Arabs they have degraded. The first ten Sultans of the House of Othman were great conquerors with some conceptions of statesmanship, but after them the power passed to the effete and blood-stained creatures of the Seraglio and to the corrupt Pashas of the Sublime Porte.

The devastating tide of Turkish conquest, sweeping over the Christian kingdoms and principalities of South Eastern Europe, became a formidable danger to Western civilization until it was at last arrested outside the gates of Vienna in 1683. It then swiftly receded. For as soon as defeat robbed the Ottoman armies of the prospect of fresh fields to plunder, corruption and

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nepotism spread to the camp and undermined the central authority throughout the provinces. The Christian subject races awoke from their long lethargy and Turkey's rapid decay opened up the question of her inheritance, which became before long as great a menace to the peace of Europe as her overweening power had formerly been to the safety of Christendom.

During a great part of the nineteenth century the Eastern Question, as it was then called, resolved itself into a contest chiefly between Britain and Russia as to what should be done with Turkey. Russia had always been a semi-Asiatic power, and Turkey in dissolution offered her on her own frontiers a tempting field of expansion. But Britain herself had become, by the greatest adventure in her history, namely the establishment of *British rule in India, a great Asiatic Empire to which Russian* expansion in Asia was held to constitute an increasingly serious danger. Britain, repeatedly deluded into the belief that Turkey could be reformed and weaned from the systematic oppression of her subject races, fought the Crimean War in 1854–55 and went to the brink of another war against Russia in 1878 in order to save Turkey from dismemberment. Yet only a few years later Lord Salisbury had to admit that in backing Turkey "we had backed the wrong horse;" and when the Turk found that he could no longer rely upon Britain to save him from the consequences of his own iniquitous system of government he sought, and obtained for value received, the protection of Germany, who reckoned, in the Kaiser's words, to use Turkey "as a bridgehead to world-dominion." The "Young Turks" followed Germany's lead as willingly as had the "Red" Sultan Abdul Hamid, whom they had deposed, and at her heels they plunged into the Great War. Utterly defeated at last, and mainly by British armies, Turkey was ready to accept any terms of peace after her surrender in 1918. But the incredible blunders of British statesmen, disunion amongst the Allies, who at first sanctioned and then repudiated the intervention of the Greek armies in Asia Minor, and the unrelenting severity of the Treaty of Sèvres, quickened once more the racial and religious pride of a ruling and fighting race. The Greek armies on whom Mr. Lloyd George gambled were shattered, and only the hasty despatch of British naval and military reinforcements to the Dardanelles and the Sea of Marmora arrested the immediate re-entry of the victorious Turks into Constantinople and Thrace. But by the Mudania Convention

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of October 11 last the Treaty of Sèvres was finally scrapped, the Turkish Empire was restored on European soil as well as in Asia Minor with a halo of military glory, however cheaply earned, and all the most legitimate of British war aims went by the board, including the oft repeated vow that never again should Turkey enjoy unrestrained powers of oppression over her Christian subjects. That question was indeed already practically solved by Turkey's systematic policy of extermination and the wholesale exodus of the bulk of the survivors.

The resurgence of Turkey has focussed attention on the Mohammedan world. But a spirit of unrest was abroad in Asia long before that and the Mohammedans were by no means the first to be affected by it. It was engendered by the impact, social and religious, political and economic, of the dynamic West upon the static East, and as that impact has been nowhere so sustained and so searching as in India, it is in India that its results have been most significant. British rule in India came into contact with the ancient and deeply-rooted Hindu civilization of which a succession of Mohammedan invasions from Central Asia and centuries of often ruthless Mohammedan domination had never broken the enduring power. Nothing can be more repugnant to the individualism and love of freedom of the British race than the Hindu caste system, under which every man is born into a particular water-tight compartment from which he cannot emerge except through death and rebirth, with the Brahmin as the privileged intermediary between gods and men at the top of the ladder, and at the bottom the millions who are barely within the pale of Hinduism, and are regarded as "untouchable" by all the higher castes. But even Hinduism, thanks to its elastic philosophies at the back of its polytheism and pantheism, offers less resistance to Western penetration than does the rigid orthodoxy of monotheistic Islam based upon the finality of the Koranic revelation down to the last vowel-point of the text revealed by Allah to Mohammed. In India as in Turkey Islam bore the impress of Central Asia rather than of Arabia.

Hence the different reaction upon Hindus and Mohammedans of the most potent of all ferments imported by British rule into India, when close upon a hundred years ago Macaulay introduced Western education. The Hindus at once filled the new schools and colleges and universities. But the Mohammedans for the most part held obstinately aloof, and only forty years later did

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Seyyid Ahmed Khan succeed in founding a great Mohammedan College at Alighur where he tried to reconcile the tenets of Islam with Western knowledge and Western ideas of tolerance. Again, when the study of English literature and history led to the study of English political institutions and of the principles of English political freedom, and the Western-educated Hindus began to agitate for political rights, the Mohammedans once more held at first entirely aloof. They even organized an All-India Moslem League sworn to implicit loyalty to the British *raj*, as a counter-weight to the Indian National Congress, mainly Hindu, when the latter, pledged at first to constitutional methods of agitation, passed under the control of more violent elements. The Mohammedans remained untouched by the great wave of disaffection and political crime which swept many of the Western-educated Hindus with it in 1905–10. The Morley-Minto reforms, however, filled even conservative Mohammedans with alarm as they detected the danger of Hindu ascendancy in large political concessions bound, they believed, to inure to the benefit of the overwhelming Hindu majority. Seyyid Ahmed had died in 1899, and a new school of young Mohammedans was springing up who rejected his counsels of tolerance and loyalty and disciplined effort and were ready to ally themselves with Hindu extremists for the subversion of an alien and "infidel" British Government. They soon sought congenial contact with the "Young Turks." The Anglo-French agreement with regard to Egypt and Morocco, the Anglo-Russian agreement with regard to Persia, the British pressure on the Porte in favor of the Christian subject races of Turkey, the Italian invasion of Turkey, the Balkan wars, all helped in turn to embitter Mohammedan opinion against Europe and it was easy for the "Young Turks" and Indian "Young Mohammedans" to strike up a covert alliance against Britain as the chief accomplice in a great European conspiracy to crush Islam and enslave Asia, against which Germany's friendship alone offered protection to Turkey.

The development of this alliance was arrested by the splendid rally of the Indian princes and peoples to the British cause at the outbreak of the Great War and Turkey's entry into it on the side of Germany. Throughout the war the loyalty of Indian Mohammedan troops and of the Indian Mohammedan population as a whole never wavered, even when the revolt of the Arabs against Turkey at the call of the Sherif of Mecca threatened to raise the

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question of the Holy Places of Islam, of which the possession constituted one of the chief titles of the Ottoman Sultans to the Caliphate. On the other hand the doctrine of self-determination proclaimed by the Allied statesmen and their promises of freedom for all nations, whether great or small, acted as a stimulus on Indian Nationalism, and as the war dragged on without any immediate effect being given to Mr. Asquith's declaration that Indian problems would henceforth be approached "from a new angle of vision" a fresh wave of political insurgency swept over India. The All-India League joined up with the Indian National Congress and the cry of "Home Rule for India" was raised under the elastic name of *Swa-raj*, which might mean anything from the most harmless form of local self-government to absolute independence. At last came the momentous announcement that it was the settled policy of the British Government to set the feet of India in the way of Dominion self-government within the Empire, with certain reservations only as to the stages and rate of progress. By the end of 1919 a new Government of India Act was carried through Parliament which for the first time intimately associated Indians with Englishmen in the executive government and entrusted to Indian Ministers the administration in the provinces of many important departments for which they were to be responsible to Indian Councils elected on the broadest franchise possible. It was a great constitutional charter of which the purpose was strikingly expressed in a Royal message delivered by the Duke of Connaught when, on February 9, 1921, he inaugurated the first All-India Legislative Assembly at Delhi. "For years—it may be for generations—loyal Indians have dreamed of *Swa-raj* for their Motherland. Today you have the beginning of *Swa-raj* within My Empire and the widest scope for progress and liberty which My other Dominions enjoy."

No bolder or more generous experiment had ever been undertaken in the hope of bringing the East and the West into close political partnership. Had it come too late? The extremes had in the meantime met—the reactionary forces of ancient Hinduism and those of militant Islam—and a few miles outside Delhi, to a vast multitude that had streamed forth from that preeminently Mohammedan city, Gandhi, whom the people called "Mahatma" Gandhi because he had inherited the spiritual vision of the ancient sages of Hinduism, was denouncing, as he had denounced for months before throughout the length and breadth of India,

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the whole scheme of reforms for which the Duke of Connaught was at the same moment standing sponsor in the Mogul Emperors' great Hall of Audience—denouncing it as a snare set before the people of India by a Satanic government in order to rivet upon them more firmly than ever the chains of slavery to a Satanic civilization. He exhorted them to resist such a government by steadfastness in "Non-Cooperation," to have nothing to do with its law-courts and its schools, to deny to it every form of public service, to refuse all employment or honors at its hands, to despise its new-fangled Councils and Legislatures and all week-kneed Indians who entered them, to shun its doctors as charlatans who try to defeat the laws of nature and its hospitals as institutions for propagating sin, to boycott every industry and every article of alien origin, all equally tainted with a Satanic civilization. Let them ensue *Swa-raj*—not the mock *Swa-raj* offered them, but a real *Swa-raj*, *i.e.*, the right to rule themselves, their bodies and their souls. All they had to do was to bring to bear upon them the ancient soul-force of India and to return to the simple life of their early forbears when the beloved motherland was wise and happy and free beyond all nations of the earth. *Swa-raj* alone could bring unity and brotherhood to all Indians, to Hindus and Mohammedans alike.

For Gandhi also threw the mantle of *Swa-raj* over the Caliphate movement in favor of Turkey which had been engineered by the "Young Mohammedans" as soon as the war was over. He once described it to the writer as "a demonstration of religious faith" on the part of his Mohammedan fellow-countrymen no less splendid than the great uplift of the Hindus towards *Swa-raj*. Yet in few of its apostles was there any visible sign of the triumph of the spirit over the flesh which invested Gandhi with a halo of sanctity—least of all in its two most prominent leaders, the brothers Mohammed Ali and Shaukat Ali. Both had been Western educated, and Mohammed had failed for the Indian Civil Service. Both professed to be ardent Indian patriots and fervent Moslems, though their zeal, it had been remarked, never condescended to render any account of the large sums of money collected for their propaganda. Both had had dealings with the "Young Turks" before the war and both had been interned during the war for their impenitent disloyalty. Released after the war, they astutely modified their tactics. They proclaimed the religious inviolability of Turkey. To curtail the Sultan's dominions

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was to strike a sacrilegious blow at his spiritual authority as Caliph bound up by divine ordinance with his temporal power. The Allies were therefore bent upon destroying not merely Turkey but the Mohammedan religion. The backward and ignorant masses who had cared little or nothing about the Turks during the war were quick to take up the cry that their faith was in danger. By fastening this religious label onto the movement the champions of the Caliphate accomplished two purposes. They roused the fanaticism of hitherto loyal Mohammedans against the British *raj*, and they achieved the still more remarkable feat of persuading Gandhi that, like him, they were seeking to liberate the spiritual forces of India from a Satanic bondage.

And the multitude, Mohammedan and Hindu, worshipped the frail ascetic figure clad in scanty garments of undyed native homespun, through whose voice the gods themselves seemed to speak, so gentle was it, and persuasive and well-modulated. Yet —such is the strange irony of things—Gandhi too had a Western education. He was called to the Bar in London, he had many personal friends in England and amongst Englishmen in India, he had been a great reader of English literature and speaks excellent English. What first embittered him was the treatment of the British Indians in South Africa where he took up their cause and first organized passive resistance and mass strikes as a protest against anti-Asiatic legislation. He grew into a symbol of the antithesis of East and West. But even when he started to preach a gospel of sheer revolt he persuaded himself at least that it could be carried into practice without violence; and whenever it led, as it was bound to lead, to rioting and bloodshed, he always bitterly reproved his followers and did penance in prayer and fasting for their misdeeds. Nor did he utter a word of complaint when the government at last held him responsible for the results of his teachings and he was tried and condemned to six years imprisonment.

The *Swa-raj* movement deprived of its leader has of late shown symptoms of disintegration, and the Caliphate movement—though treated throughout with singular leniency and indeed almost publicly endorsed by the Government of India, who had always taken Mohammedan loyalty for granted and took fright at the prospect of losing it—has been gravely embarrassed by the high handed action of the Angora Turks in dethroning the Sultan —as had been advocated already in 1920 at the great Moham-

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medan-Bolshevist Congress at Baku—and proclaiming a new Caliph shorn of all temporal authority in a way which none of the Allies had ever even remotely contemplated, and not even girt on his accession, as all his Turkish predecessors had been from times immemorial, with the sword of Othman. The extremists may argue to their own satisfaction that the ex-Sultan and Caliph was a British tool who deserved the worst, and that the new Caliph—who, by the way, is the only Prince of the House of Othman to have received a European education and to have often paraded European tastes and habits scarcely compatible with strict Mohammedan orthodoxy—will be in a better position to discharge the spiritual duties of his office now that he has been relieved of all secular cares and that a resurgent and victorious Turkey will supply all the temporal power required to sustain his religious authority. Whether such sophistries will pass muster with more sober Mohammedan opinion remains to be seen. For the present the Caliphate committees continue to show their teeth and threaten to organize "civil disobedience," which is the first step towards open rebellion, with the help of 75,000 "volunteers" to be recruited and equipped for active service in the event of the final rejection by the Allies of the Turkish demands. The rump to which the Indian National Congress has been gradually reduced still displays little disposition to abate its pretensions and between the politically-minded classes the battle of Non-Cooperation yet remains to be fought out, probably at the end of this year when the time comes for the renewal of the Provincial Councils and the All-India Legislative Assembly. The extremists boycotted the last elections at the end of 1920, but failed in their attempt to kill the new constitution in the womb. Will they boycott them again, or will they, as some propose, try to capture the constitutional machinery in order to use it for the subversion of the new constitution?

With the inarticulate and poverty stricken masses, easily as they are carried off their feet by sudden gusts of passion, economic conditions will probably have the last word. The great wave of economic depression which swept from Europe over India after the war is subsiding. The rapid drop in prices for Indian produce and the economic rise in the cost of living created an exceptionally favorable atmosphere for the growth of racial hatred after the deplorable incidents in the Punjab during the disturbances of 1919, which were but tardily admitted and rather leniently dealt

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with by the British authorities, whilst among Englishmen in India and at home unofficial public opinion often actually applauded or excused them. To use the Duke of Connaught's own phrase at Delhi, "the shadow of Amritsar had spread over the whole of India." It is slowly passing away. Labor troubles have doubtless come to stay as the result of the intensive development of Indian industries during the war. Trades unions have sprung up like mushrooms, and strikes, as common as in England, have often developed into serious rioting and bloodshed. Agrarian troubles, such as Gandhiism stirred up wherever oppressive forms of indigenous landlordism provided a receptive soil, are more likely to die down with the return of bountiful harvests, and India is above all an agricultural country. Both in the labor and the agrarian troubles of the last few years the influence of Bolshevism may have made itself felt, but less directly than in the Caliphate movement which its connection with Angora brings into close touch with the Russian Soviets.

It is foolish to ignore, as British optimism is temperamentally inclined to do, the darker sides of the Indian picture. But fortunately there are also much brighter sides to it. For in the clash of ideals as well as of more sordid interests and ambitions and prejudices, which has never been perhaps so acute as in the last few years, the progressive forces imported by British rule and Western education have not been by any means overwhelmed by the renewed onslaught of the combined forces of reaction and revolution. Gandhi's appeal to the Western educated classes to which he at first addressed himself fell flat. For Western education with all its short comings has undoubtedly produced not only men of conspicuous ability and character, like Mr. Srinivasa Sastri, the representative of India at the last Imperial Conference in London and at the Washington Conference, who have absorbed much of the best that the West could give them without becoming denationalized, but it has created a new middle class, professional, commercial, industrial, and forming the bulk of the public services, which is bound up intellectually and by self-interest with the continuity of Western influence and the maintenance of the British connection. Driven for a time into open antagonism to an autocratic and bureaucratic form of government, it accepted the new constitutional charter given to India as at least a long step towards the recognition of her rights as a nation for which it had long vainly pleaded, and together with the representatives of

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the old indigenous landed aristocracy, averse from all revolutionary changes, it supplied an overwhelming majority in the Legislatures elected three years ago, and though timid and inexperienced and unduly impatient at the failure of the reforms to work immediate miracles, it has displayed on the whole much wisdom and moderation in the handling of a difficult situation. For the first time an influential body of educated Indians feel that they have been admitted not merely into intellectual partnership with Western knowledge but into political partnership with their Western rulers. That in itself is a great stride forward towards the ultimate goal of Indian self-government within the British Commonwealth of Nations.

Though India is the keystone of Britain's position as an Asiatic empire, it is by no means in India alone that she finds herself confronted with the forces of Asian unrest which the resurgence of Turkey has quickened and a special school of Bolshevist propaganda for the East has been founded at Moscow to exploit. She is confronted with them beyond the land frontiers of India in Persia and Afghanistan and Central Asia, where cross currents of nationalist feeling deriving originally from the West and of irreconcilable Mohammedan aversion to the West have commingled far more freely than in India with the inflow of revolutionary Bolshevism. Soviet Russia has reclaimed over the greater part of Central Asia the control which was temporarily shaken by the fall of Russian Tsarism. The first use which Afghanistan has made of its complete independence as a sovereign state, recognized last year for the first time by the Government of India, has been to conclude treaties of intimate friendship only just falling short of a full-blown alliance with Moscow and Angora. Bolshevism is at, if not already within, the gates of Persia, where Britain has now renounced altogether the political ascendancy which she exclusively enjoyed there for the first three-quarters of the nineteenth century, and then shared with Russia until the Great War. In the Arab provinces which the British armies liberated from the Turkish yoke there are again other cross currents. The dream of a great Arab State which the Allies encouraged by their lavish promises during the war has vanished into thin air with the separate mandates which Britain and France agreed to confer upon themselves after the war, the latter in Syria, the former in Mesopotamia (now called Irak) and in Palestine. The bitterness amongst the Arabs is perhaps

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greatest in Syria, and, next to Syria, in Palestine, where there is deep resentment of the actual or prospective Jewish preponderance involved in the creation under British auspices of a Jewish "National Homeland." The recrudescence of Mohammedan sentiment which the Turkish victories have naturally tended to stimulate has, however, been checked in all those countries by fears lest they should pass once more under Turkish domination should the Western Powers withdraw their protection. Hatred of the Turk as a ruler is stronger than the tendency to sympathize with him as a brother in the Faith. It is the same in Egypt, where nationalism is an older growth than in any other Oriental country. Last year Britain yielded to it so far as to abolish the Protectorate proclaimed during the war and to recognize Egypt as an independent sovereign state. This, however, does not satisfy the nationalist stalwarts, who claim to have the majority of their people behind them, so long as Britain insists upon retaining a military force for the protection of the Suez Canal as an essential line of communication with India and for safeguarding the large foreign communities and interests in the valley of the Nile. Egypt, too, is a Mohammedan country, and though the people are usually tolerant and easy-going, events even within the last few years have shown how easy it is to work up a Mohammedan populace into savage outbreaks against Europeans.

The brotherhood of Islam undoubtedly provides a strong bond of sentiment between all Mohammedans from the northwest shores of Africa to the Great Wall of China and the remote Philippines, but, from the time when the first Arab Caliphates fell out, it has never yet prevented bitter feuds and sanguinary wars between rival Mohammedan states. Is it more likely to unite them today for common and effective action against the West, when the renewal of Islamic militancy derives whatever vitality it really possesses from so many mutually conflicting forces and finds its chief expression in the sudden resuscitation of the Turk, who, even if he should agree to a superficial *modus vivendi* with the West, can no more than the leopard ever change his spots? Is it not more likely that Turkey, already drifting towards Bolshevism, will be swallowed up in the devastating whirlpool which is sweeping Russia back into Asiatic barbarism?

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GERMAN PUBLIC OPINION TODAY

By Richard Edwards

AN ESTIMATE of conditions in Central Europe is as dangerous as prophecy. What is true when written may be nonsense after the printers have spent a few days in putting the manuscript into type. Premiers meet—and disagree. The Reparation Commission forgets its judicial capacity and carries out the orders of politicians. There is no agreement anywhere, no common policy, and all the time the reparation question—the crux of the difficulties of Europe—remains unsettled. The reason is that nobody has the courage to speak the truth, to admit that German payments must be based on German capacity to pay. It is fear that this capacity may prove inferior to the hope inspired by propagandists which prevents the appointment of the expert commission suggested by the American Secretary of State. Politicians think that they can serenely override the laws of economics and, because they flout these laws, the waters of disaster are rising everywhere.

In Germany the situation is more serious, and perhaps more interesting, than elsewhere because the outcome is more dubious and the stakes are greater. In Austria one feels that the bottom has been reached, that the people are apathetic, merely waiting for outsiders to come and help. In Hungary there is a universal desire to make good; a government run by able men devises far-reaching and sound economic plans, the success of which, however, depends on the amount of reparation to be demanded—a sum still unfixed more than four years after the war! Everywhere it is the uncertainty and the lack of hope that paralyzes endeavor.

Since world prosperity depends on the prosperity of individual nations as surely as physical health depends on the soundness of different members of the body, it is certain that an economically sick Germany must poison the surrounding nations. For this reason it may be worth while to enumerate some of the causes of this political and economic illness. The two phases are too closely related to be considered separately.

Since the armistice Germany has not had a really stable government. This statement has no reference to the form of government, because there has never been a body of opinion in favor either of a monarchy or a soviet strong enough to endanger the

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republic. The country has rather been cursed with a multiplicity of parties, so that no government can remain in power except through unstable coalitions. Neither the German National Party, at the extreme right, nor the Communist Party, at the extreme left, has ever entered such a coalition, but with these two exceptions all parties have from time to time been represented. Germany, therefore, has had a government of the centre, sometimes inclining, as at first, to the left, sometimes, as now, to the right. No government has ever dared to take a really firm stand on any important question for fear of losing its coalition majority. The first, a distinctly socialistic government, succeeded in passing labor laws which, whether in themselves good or not, have had the effect of greatly reducing production. The present Cuno government would like to get rid of these laws but dares not for fear that the now united Socialist Party will take up active opposition. Over all succeeding governments has hung the black cloud of reparation—black at first because undetermined in amount, later because so stupendous that such will to pay as may formerly have existed has been nearly snuffed out.

Directly or indirectly, this question of reparations has always been the rock on which governments have crashed. The parties of the extreme right are determined to pay nothing because they claim that Germany owes nothing. The parties of the centre proclaim, sometimes with truth, their willingness to pay what Germany is able to pay, but no more. They make little effort to pay sums which go for nothing in the constantly yawning and widening pit of French demands. The parties of the extreme left would wipe out the whole question by forming a world proletarian union—whatever that may be—and in any case they know that misery is the breeding-ground of communism. As these two widely opposing views become more or less popular, succeeding governments, sensing danger from one side or the other, lean first toward one, then toward the other. There is no continuity of policy, perhaps no possibility of continuity.

There has been a gradual weakening of the will to pay, a will to pay which was never based on an idea of voluntary reparation for wrong done, because practically no German will admit responsibility for the war, but rather on the knowledge that a defeated nation must pay. Partly the result of lack of leadership, largely the result of hopelessness, the German nation as a whole has come to believe that whenever a payment can be avoided it should be

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avoided, because every payment affects adversely national economic conditions and makes no appreciable diminution in the impossible total of payments. Probably no German would admit today that Germany can ever pay any such amount as the German experts estimated as reasonable in Paris in 1919.

The difficulty arising from the fact that there is no predominant party is accentuated by the lack of really powerful leaders of public opinion who might be able to override party lines and thus bring about some semblance of national unity. It is fair to say that all Germany admires President Ebert. His influence is great, his unselfish patriotism is never questioned. He is a short, square man, with heavy grizzled moustache and hair; a clear, incisive talker; honest; a man who goes straight to the point and wastes no words, although his speech is fluent. He is a keen judge of persons, a man eager to surround himself with strong men, but one who will be equally careful to curb the dangerous tendencies of strong men. He is honestly seeking a way out, a way consistent with patriotism and national reconstruction. He is an admirable balance-wheel but, as President under the continental plan of republican government, he has no power except through his personal influence.

Wirth and Rathenau together were a powerful combination. The one, a bluff, democratic figure, an excellent public speaker, sufficiently honest for a politician, depended on the brains of the other. Rathenau, rather elegant in manner and appearance, almost cold, was a man of admirable intellect, inclined, in spite of his great wealth, to be socialistic—and for that the reactionaries killed him. Together, these men were trying to accomplish the task of preserving German economic stability and at the same time of paying reparations. The public appreciated the value of the combination too little.

Cuno represents the National People's Party. He is conservative but not reactionary. A man of unusually agreeable personality, with no suggestion of the "typical German" of the cartoons, he has a gentleman's sense of honor and of obligation. One might wish, perhaps, for a little more iron and a little less sweetness in his face. Contrary to the general belief abroad, Cuno wants to pay in reparations whatever Germany is able to pay. He knows, however, that payment can only follow the economic recuperation which comes from restoration of confidence. Therefore his first aim is to put Germany economically on its feet. But, this

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accomplished, he knows well that economic health can be made permanent only through settlement of the reparation question, which must involve payment to the limit of German ability. If he should remain in power he would try honestly to fulfill Germany's obligations.

One great difficulty which all German governments have had to face is lack of cooperation in any attempt to fulfill the terms of the treaty on the part of the great industrialists. These men have gone ahead and made money—though not so much as is often asserted because conditions of labor have cut down production—and have been unwilling to help the state in gathering funds to make foreign payments. In this way the Cuno government has a better opportunity than any of its predecessors because Cuno himself is allied to the great industralists and is of their political faith. Even Hugo Stinnes appears willing to cooperate with Cuno because, although primarily a man of business, he is also a man with vision, patriotic up to a certain point, and convinced that Germany's only salvation lies in a strong conservative government. It is often said that Stinnes looms larger in the eyes of the outside world than he does at home, but this is only because at home he is a leader among many, not the solitary industrial figure which the world considers him. With his black beard, his strongly accentuated features, his massive body, he looks like a figure taken from an ancient Assyrian painting. His voice is quiet but assured and he never fails sharply to accent the points he wishes to make. A man of tremendous personality, he keeps himself in the public eye partly through his very aloofness, yet gives himself fully and freely to those whom he considers worth talking to. Stinnes is emphatically not a politician but he is a man who may well dominate politicians, especially in matters of foreign affairs because of his foreign holdings, and who may thus have more influence in orienting German external relations than any other man. The vital question for the world is the direction in which this powerful influence will lead. The Stinnes interests in Austria are immense and this would cause him, from his own point of view, to work for the eventual union of Austria and Germany, an aim certainly not less likely to be followed because of the large Stinnes holdings in Italy. Frontiers, in these days, are troublesome facts for business. German industry needs the coal of Upper Silesia and for this reason Stinnes looks with little favor on Poland. He is at the moment balked in Russia,

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but will be ready when opportunity occurs and then the Polish frontier will stand in his way. These two examples, Austria and Poland, perhaps sufficiently indicate the trend of the man's mind. He wants Germany to become the foremost industrial nation of the world and to bring this about feels that political considerations must not stand in the way. This possible ruler of politicians is a man to be watched.

Yet Stinnes is not one of the extremists who is unwilling to pay reparations. He, too, would pay because he knows that this question will remain the great stumbling block to international economic stability until it is settled. But, like Cuno, he would pay if possible in such manner as would also help on German rehabilitation. The Stinnes-Lubersac plan, widely published in its main points, indicates this. It foresaw and provided for immensely heavy payments in the complete rebuilding of the devastated regions of France. Immediate relief to Germany, however, was to be given by the abolition of restrictions on German trade, by the withdrawal of French forces from the occupied territories and the Saar Basin. There was also to be a firm rapprochement between the great French and German industrialists, which would permit common use of the resources of the Ruhr and of Lorraine, which would do away with Franco-German competition, and which, therefore, would mean practically world domination along certain industrial lines. The plan also, in the mind of Stinnes, would have had an immediate favorable reaction on the whole German international economic situation because he believed that the workmen, in order to feel themselves once more free men, would have given up the cherished eight-hour day and thereby vastly have increased production. The principle of maximum work once reestablished, it might have remained indefinitely.

The casual traveler who went through Germany, who saw the factories working, the shop-windows filled, people apparently prosperous, naturally asked why there was any difficulty in paying reparations. If he looked more closely, even at surface appearances, his faith was a little shaken. Except in Berlin he saw few motor cars—practically none in the Ruhr; he realized that the trains were dirty and run down; he saw that people were shabbily dressed, discontented, and sometimes hungry. If he really studied the situation he found that exports had fallen lamentably in accord with the decreasing labor output. He saw

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profiteers who were concentrating their wealth abroad in order to escape taxes; and yet, because of the diminished exports, he realized that these fortunes held abroad—even if the German Government could seize them—would have comparatively little influence because they could not possibly be of the fabulous sums talked about in France. He railed at the German Government, perhaps, for its supineness in not collecting what was due in taxes, but if he went to a few sessions of the Reichstag he understood that enforcement of the law, if it were in any way possible, would only be temporary because the government would fall. He certainly railed at the government for permitting the issue of floods of paper money, and yet when he wanted to cash a small check he found that no bank could supply his demand for paper. A strong government, to be sure, might have found a way out of the dilemma but a weak government could only try to supply the demand. Even with the floods of paper now in circulation the available circulating medium—and some medium there must be—is far less than half what it was before the war in purchasing power. The traveler, who had become a student, began to be bewildered, gave up making cock-sure statements, began to grope himself for an issue just as the Germans have long been groping for a solution of the problem. If he stayed long enough he probably ended by saying that the country was bankrupt and that payment of any reparations at all was unthinkable. Then he returned to France and, in spite of the unrealities of French statements as compared with his own observations, he re-grasped the idea that Germany was not alone suffering, that for the sake of the world Germany must pay and, furthermore, that Germany could pay up to a certain point. "Are there no men living," he asked, "wise enough to point the way?"

The advent of the Cuno government was the golden opportunity of the Allies to reopen, under favorable circumstances, the question of reparations. The Cuno government, understanding that there could be no peace without a settlement, was willing to pay in accord with German capacity and—most important of all—it had the backing of the great industrialists. But the new government came into power when economic conditions were already disastrous. Herr Cuno said in so many words that a moratorium on German payments was essential to put Germany in a position to pay, and intimated that even this would be useless unless the demands made were commensurate with German

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capacity. The government, he said, was prepared also to take energetic measures for the stabilization of the mark along the lines indicated by the commission of neutral experts called to Berlin during the preceding month. It seemed clear that without a stable currency there could be nothing to depend on, that any future reparation payments must be based on a stabilized unit of exchange. Furthermore, a currency which meant something, which was not liable to daily fluctuations, would put new heart in the masses of the population, would be a gleam of much needed hope. All the experts had insisted that the first requisite for stabilization was a moratorium, and to this the French would not, perhaps could not, agree. Therefore the adventure in the Ruhr.

It is comparatively easy from the detached standpoint of an American to exercise reason without any admixture of sentiment and to point out wherein the French adventure must almost inevitably fail. It is equally easy to consider it from the sentimental aspect only and to applaud the French for making a vigorous independent effort to overcome German duplicity and evasions. Neither attitude is quite correct, since both reason and sentiment are present in every really truthful conclusion. Most good Americans would be glad to see the French adventure successful, would not too minutely question its legality under the Treaty of Versailles, would waste little sympathy over the lamentations of Germany, if it should be proved that Germany had hidden resources which the advance disclosed. But what if the adventure fails, if it discloses only more fully the poverty of Germany? In this case it must minimize the possibility of collecting any reparations whatever by destroying German productive capacity at the very time that it intensifies and makes permanent the hatred of Germany for France.

The occupation of the Ruhr has united French opinion in support of the French Government in its policy of direct and independent action. It has equally united German opinion in the determination passively to resist further territorial invasion, and thus for the first time the German nation is almost solidly behind the government. The French believe that in the course of a few weeks German solidarity will crumble under the pressure of economic necessity. The Germans believe that after a few weeks the French will see the futility of their move, will find its cost prohibitive, will suffer through the cessation of reparation coal deliveries. They see two alternatives for France—retreat from

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an untenable position, or a further advance into unoccupied Germany, perhaps to Berlin or even to Koenigsberg. This possibility, galling as it would be to their pride, they foresee with equanimity because, in their opinion, it would mean a repetition of Napoleon's Moscow campaign. Passive resistance would make the maintenance of scattered bodies of troops so far from their bases quite out of the question.

In the meantime German economic conditions are going from bad to worse and reparation coal deliveries to Belgium and France have almost wholly ceased. Even if the miners of the Ruhr are willing to continue to work under French bayonets they will shortly be unable to work because of the coal that is piling up at the pit mouths. There is no use in mining coal which cannot be transported. If insufficient coal makes its way to unoccupied Germany there will be widespread unemployment and widespread suffering, with consequent dangers. The food supply is low and, with the utter crash of mark value, there seems little probability of replenishment from America or elsewhere. Thus, with hunger, cold and unemployment menacing the German people, the outcome is pregnant with possibilities of serious disaster—of disaster which would inevitably involve France as well as Germany.

Because chaotic conditions in Europe would profoundly affect the United States it would seem that the American Government should take some stand, at least through helpful suggestions and support of law and order. Without political involvement, it is said, the Government of the United States can at least act from humanitarian motives and in defense of its own interests. The criticism of the administration has been as violent as it would perhaps be justified were the bases of the criticism true. Those of us on the outside cannot possibly be cognizant of all the factors on which government policy is based and, for this reason, it would seem as though the press and the public should be willing to trust those in responsible positions to safeguard national interests. Yet in this case the sequence of facts, as the thin line of facts runs through the distortions of daily newspaper comment, makes the record clear.

In August there was proposed a conference to be held in Brussels to discuss the whole question of reparations as it affected the economic condition of the world. Whether the American Government would have participated in such a conference is

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hypothetical, as almost inevitably interallied debts would also have been under discussion and only Congress can deal with this question. Clearly, however, this conference would have afforded the best opportunity for a solution of the matter if it could have been inaugurated with good-will, and any counter suggestion from the United States would have been inopportune. Early in December a conference of Premiers was held in London. The Premiers could not agree on broad principles of reparation policy and adjourned, to meet later in Paris. The idea of a Brussels conference nevertheless was still in the air. Only when at the adjourned meeting in Paris in January the divergence of view was seen to be extreme was the plan of an economic conference definitely given up. When the Premiers themselves were unable to find even a basis of compromise it was clear that their appointed agents in conference assembled would have little chance of reaching a happy conclusion. Long before this adjourned meeting the Secretary of State had suggested to the French Government the idea of an expert commission to pass on German resources and make recommendations to the various governments, but France had ignored the suggestion. After the Premiers' Conference broke up on January 4 the world believed that the French planned to occupy the Ruhr, but Poincaré, as late as January 9, stated categorically to the French Chamber of Deputies that it was intended only to send in engineers and experts, that there was no thought of military occupation nor of permanent occupation of territory. The American Government could not protest against what the French Government denied, but it is inconceivable that France was not fully informed of American opinion in the matter.

Now the cry is for mediation. People forget that the League of Nations has already offered its good offices and been flatly refused. It certainly is not for the American Government to make a suggestion which would only irritate both France and Germany and which could, therefore, lead to no good result. Mediation is possible only when both parties to a dispute request it, and at present both France and Germany desire nothing except to be left alone—France because it believes that the direct action taken will be successful in bringing Germany to terms; Germany because it believes equally strongly that this same direct action will prove futile. An offer of mediation or the formal transmittal of a plan of settlement could have at the present time only the

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result of humiliating and weakening the influence of the government making the suggestion.

The Secretary of State is steering a wise, helpful and thoroughly patriotic course. He is not a man who is willing to be spectacular for the sake of applause. He is a man who is always ready to act when action is possible and stands a fair chance of being helpful. He is inevitably better informed than are his critics, both as to the extreme seriousness of the present European situation and as to the possibility of useful American intervention. His one aim must continue to be what the record shows it to have been in the past, an aim neither pro-German nor pro-French but only pro-American. And in a case of this sort the pro-American aim is the truly humanitarian aim, the resolve to be of service when America can really be of service, not to expend the possible influence of America in the making of useless gestures nor in promises which, from the nature of our Constitution, cannot be fulfilled. We may, some of us, deplore the fact that Congress did not back up the promises of President Wilson. But that is no reason why President Harding should make more promises which in all probability would not be endorsed by the legislative branch of the government. Europe needs American help. It is still resentful that America withdrew after the Peace Conference, but it is gradually coming to learn that the Administration means what it says because it speaks only when it can speak with full authority.

For its rehabilitation Germany needs American financial aid, but such aid is out of the question when Germany has no security to offer. France is almost equally in need of American financial aid, but this cannot be forthcoming until France settles down to a reasonable plan of rebuilding and financing, until French resources are expended in a constructive fashion, not wasted in armament. The Secretary of State knows all these things more fully than we. As Chief of the Department of Peace his constant aim is to bring about real peace between the nations. When the appropriate moment arrives he will bring into play constructively and effectively the great influence of this country.

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MR. LLOYD GEORGE'S FOREIGN POLICY
1918-1922

By Herbert A. L. Fisher

THE fall of Mr. Lloyd George's second administration at a critical stage of the Near Eastern imbroglio is not to be interpreted as indicating a change in the foreign policy of Great Britain. This will remain unaltered for the good reason that no other policy is conformable to the interests and the desires of this country. It is, then, important to explain what that policy was and why it was adopted.

The paramount interest of Great Britain is, and has always been, the preservation of peace throughout the world. We endeavored to avert the war, we entered into it reluctantly and without due preparation, and when the last gun was fired the wish that came uppermost in the hearts of every British citizen was that such a peace might be made that never again might our descendants be called upon to endure the torments to which the young men of our own time had been submitted. Public opinion throughout England regarded the war as a wrong which German insolence had inflicted upon Europe. Viewing war as a vulgar crime it demanded the punishment of the criminal; but it also expected such a settlement of international affairs as would preclude a repetition of the evil.

The elections of 1918 which gave Mr. Lloyd George his mammoth majority were the result of this double pre-occupation. A government was returned to power pledged to make Germany pay within the limit of her capacity and commissioned at the same time with the tremendous task of devising, in cooperation with the Allied and Associated Powers, a durable peace through the world.

The peace treaties have been much criticized and there is a widely diffused opinion that they need revision. But in what quarters is amendment called for? The treaties divide themselves into three distinct sections. There is the Covenant of the League of Nations, naturally not an impeccable document, but in its general lines accepted by every responsible statesman in England. There are the economic provisions with respect to reparations and the like, which are widely condemned but have

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only in small part been executed. And finally there is the territorial settlement which, save in a few relatively unimportant particulars, has been drawn up in accordance with President Wilson's fourteen points, upon the principle of giving to each of the peoples concerned the government which they desire. Of the two latter sections, the territorial, which has been most discussed, is far the most important. The economic provisions of the treaties were expressly made liable to revision by the Reparations Commission. They were indefinitely alterable and they have in fact been altered and are likely to undergo further modification. It is difficult, however, to see how the territorial settlement of the world effected by the treaties can be radically modified, save as the result of a collision of material forces.

Public opinion even yet does not seem to realize the extent to which the new political map of Europe faithfully reflects the doctrine of self-determination enunciated so eloquently by President Wilson and accepted so readily by the European members of the Entente. If the treaties are open to criticism in respect of their territorial provisions it is not by reason of their violation of the Wilsonian philosophy, but because of an overscrupulous fidelity to a doctrine which does not always readily adapt itself to the stubborn facts of geography. There are, it is true, exceptions to the rule. There is the Tyrolese district assigned to Italy in virtue of the treaty which brought the Italians into the war; and there is the Saar Valley, a district inhabited by Germans, which is assigned to the League of Nations for a period of fifteen years in order that France may be partially compensated for the destruction of her coal mines by the German armies. These, however, are minor blots which do not impair the general features of the plan. The American doctrine of self-determination has, for good or ill, stamped itself upon our new map of Europe, and will be responsible for such blessings or curses as the new map of Europe may entail.

Alike during the peace negotiations and in the times which followed Mr. Lloyd George took his stand very strongly upon this doctrine. There was a section of public opinion in France which hoped permanently to detach the Rhenish districts from Germany. Mr. Lloyd George was steadily opposed to any plan likely to create a new Alsace-Lorraine in Europe. He took the view, and here he was voicing the opinion of his Cabinet and of the whole country, that nothing would more certainly lead to a

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fresh war than a forcible transference of German citizens from their allegiance to the German state. Similarly the British Government came to the conclusion that Upper Silesia, with its valuable coal fields and highly industrialized area, should not be transferred to Poland until a plebiscite had been taken in order to ascertain the wishes of its inhabitants; and it was in consequence of Mr. Lloyd George's insistence upon this point (and the Prime Minister was supported in his view by a special meeting of the Imperial Cabinet held in Paris) that the final version of the Treaty of Versailles made provision for the Silesian plebiscite. The same principle dominated British policy in the matter of Eastern Galicia. Our government was averse to assigning to Poland a province mainly inhabited by Little Russians who differed from the Poles in race, speech and religion and who stoutly proclaimed their desire for autonomy.

It will be seen from these indications that so far as the British Government was able to exercise a formative influence upon the territorial dispositions made by the Peace Conference, that influence was all in the direction of carrying out, so far as geographical conditions would permit, the principle of self-determination. We believed that a Europe so constituted would be less likely to contain within its organism the germs of future discord; and though it was fully recognized that each of the newly constituted states would comprise alien minorities it was hoped that with the aid of the minority clauses of the treaties and the League of Nations the irritation due to this source would be reduced to a minimum.

There was another matter upon which Mr. Lloyd George laid great stress. That was disarmament. It was largely owing to his insistent pressure that conscription was abolished in Germany, Austria, Hungary and Bulgaria and that each of these powers was restricted by treaty to a small voluntary army. It was the hope of Great Britain that when once Germany had been thoroughly disarmed other states in Europe would proceed to reduce their armaments and that we should be able to enter a new era of peace and good-will. Great Britain herself, despite her far-flung obligations and the pressure of some most eminent soldiers, set an example by abolishing conscription and reducing her land army below the pre-war figure. It was a risky undertaking, in view of the disturbed state of the world, to break up so suddenly the superb military instrument which had been fashioned during the

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war,—but the thing was done and the nation applauded the doing of it.

The lead unfortunately was not followed. France, regarding herself as in a special degree the custodian of the treaties and the bulwark of civilization against the Teutonic onrush, remains heavily armed and steadily increases her aeroplanes and submarines. Poland is said to have a million men under arms and the Russians, the Czechoslovaks and the Jugoslavs are still upon a war footing. In spite of the disarmament of the Central Powers there are, unhappily, more armed men on the continent of Europe today than in the year preceding the Great War.

For this deplorable state of things three principal and interconnected causes may be assigned—the fears of France, the reparations, the menace of Russia. We need not be surprised at the alarms of France. In the late war she fought with every advantage on her side and with the help of Russia and the British Empire, of America and Italy, of Belgium, Serbia and Rumania, and yet how nearly was she destroyed! In the event of another war how many of her late allies could she safely reckon upon to give her military and naval support? She knows that as things now are she could not safely reckon upon one of them, and that she must look for her relief to the new states which have been created by the treaties and which would be menaced by any attempt to subvert these. So France fears not only for her own borders, but for the borders of Poland and Czechoslovakia, Rumania and Jugoslavia as well. She feels that these countries are part of her system, outposts of her civilization, and that if the outpost be menaced the citadel is threatened also.

This is one reason for the maintenance of French armaments at their present high level. France is genuinely apprehensive as to her security. She has been invaded twice within living memory. She hates and fears Germany. She is conscious of her smaller population and lower birth-rate. She dreads a combination between Germany and Russia against her ally Poland. Despite the fact that Germany has surrendered her heavy artillery and her aeroplanes and her rifles, and could not be formidable again for at least fifteen years, France is still apprehensive. Besides this, she wants her big army in order that, if necessary, she may employ it to secure reparations and hold down recalcitrant German districts. The fears and apprehensions of France are therefore a very real cause of the present state of armed anxiety

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in Europe. We in Great Britain have always realized that after the terrible experiences which she has undergone France deserves every security which the world can offer her. It was in this spirit that Mr. Lloyd George pledged his government and country to enter simultaneously with America into a pact to defend the frontiers of France against aggression. He believed, and the British Government believed with him, that if France once had the protection afforded by such a guarantee the peace of Europe would be indefinitely secured. Germany would never dare to assail a country in alliance with the British Empire and the United States, and France, knowing that she was safe from assault, could afford to dismount her military engines and turn an undivided mind to the arts of peace.

The pact came to nothing. America withdrew and, failing America's cooperation, Great Britain was not immediately disposed to proceed. Nevertheless as time went on the British Cabinet became progressively impressed by the magnitude of the evils resulting from the insecurity of France. Should we ever attain a *real* peace unless France were assured that in the event of an unwarranted invasion she could count on the assistance of a powerful ally? Conversations were opened with the government of M. Briand with a view to a British guarantee. We proposed a defensive pact. We expressed ourselves prepared to guarantee the eastern frontier of France against unwarranted attack and discussions were proceeding upon the point when the Briand Government fell. M. Poincaré has since explained to the public why he did not take up the negotiations. He wanted a reciprocal alliance based on detailed military understandings, under which France would be pledged to protect the Indian frontier and the British Empire the Polish. Such a one-sided and limited pact as was proposed by the British Government was not sufficient. Yet under the proposed British pact distant New Zealand, which lost more men in the Great War than Belgium, would once more have sent her superb contingents to defend the soil of France against the invader.

Nothing more, then, has been heard of the second British attempt to give to France the pact of guarantee which she regards as essential to her future safety. The British offer was honestly and sincerely meant. We do not censure France if she has come to the decision that it was insufficient; but the government which made the offer was braving a considerable mass of public opinion

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at home in the hopes of meeting the needs of France and of Europe, and it is therefore a curious instance of popular misjudgment that Mr. Lloyd George, who in the war placed the British army under French command and on two separate occasions has been willing to sign a pact of guarantee, should be so widely represented in the Paris press as a malignant enemy of the aspirations of the French nation. In reality no British Prime Minister has worked harder for France or has more energetically represented to his countrymen the devastation wrought by the German armies and the strength of the French claim for reparations.

Nevertheless it would be idle to suppose that France and England see the European problem from the same angle. For the industrial population of Great Britain trade with the continent is a vital necessity. Great Britain lives on her exports and before the war found a large and convenient market for them in Germany. The economic restoration of the ex-enemy countries and indeed of all Europe is therefore a prime need for Great Britain, rendered all the more urgent by reason of the arrest of emigration during the war and the additional millions for whom, somehow or other, employment must now be found at home. France is more self-sufficient, less dependent on foreign trade. Our devastated districts are the great industrial towns of the north which are suffering from a stagnation in trade unparalleled in history, and with respect to which every intelligent worker knows that they can only be restored to full prosperity by the economic revival of Germany. Far otherwise is it with France. There public opinion pursues a different course and passionately demands the payment of German indemnities to repair the losses inflicted by the German invasion. It is not satisfied and has never been satisfied with the loyalty of Germany. It believes that Germany could have paid a great deal more than it has in fact paid and that if a moratorium is now declared to be necessary it should only be granted to the accompaniment of "productive guarantees." One such guarantee would be a big delivery of timber. Another the occupation of the Ruhr coal fields.

Throughout the numerous conferences and protracted conversations upon the subject of indemnities the British Government has always stood for a moderate use of the Allied victory. It has realized the difficulties of the German Government, confronted on the one side with the communists and on the other

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with the partisans of the former monarchy. And while it has fully recognized the French right to receive and the German duty to pay reparations upon a reasonable scale, it has taken the view that the economic restoration of Germany is a precedent condition to adequate payment. As Mr. Lloyd George put it in his picturesque way, "Our policy is to get milk, yours is to take beef." Another principle for which the late Prime Minister contended was that reparations should be settled by agreement with the Germans. It was owing to his pressure that the Germans were invited to the conference at Spa and that their proposals for the settlement of the question were there considered. In other words the policy of Great Britain has been to obtain a settlement of the reparations question agreed on by Germany, and consistent with the economic revival of Germany, even if that policy should involve the grant of a moratorium and a drastic reduction in the sums required.

It follows that the idea of going into the Ruhr never found favor with the British Cabinet. As an extreme means of bringing pressure upon Germany to accept a reasonable and moderate scheme we were willing to consent to a temporary occupation of the Ruhr districts, and Germany was in fact threatened with such an occupation in May, 1921, in the event of her failing to carry out her obligations as defined by the Reparations Commission. It was a tremendous threat. Before the war the output of coal in the Ruhr Valley was the largest of any single coal field in the world. Two-thirds of the whole of the German iron and steel production is in the Ruhr. During the war the Ruhr Valley was Germany's greatest arsenal for guns, shells and gas. The threat of occupying the Ruhr was therefore the biggest threat which could be applied to Germany. As Mr. Lloyd George said, "With the Ruhr gone, industrial Germany withers." In the view of the British Government this menace could only be legitimately employed to strengthen the hands of the German Government over and against its own public in the execution of measures intrinsically reasonable, feasible and consistent with the convalescence of the country. It was only a valid expedient if applied in conditions which would ensure its being temporary. To a permanent occupation of the Ruhr British opinion would never consent. "We cannot," said the Prime Minister, "bequeath to our children another Alsace-Lorraine. If we did they would curse our memory." The conference at London between Mr.

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Lloyd George and M. Poincaré in August, 1922, broke down because the methods proposed by the French Prime Minister to secure the payment of reparations seemed to British eyes to be inconsistent with the economic revival of Germany and consequently calculated to defer rather than to promote the common object of the Allied Governments.

In the view of the late Prime Minister the restoration of European prosperity would never be complete unless Russia were once more brought within the comity of nations, and it is on this that he came into sharpest conflict with the dominant opinion of his Conservative supporters in the House of Commons. It is an error to suppose that the British Government had adopted from the first a hostile attitude towards the Russian revolution. On the contrary we recognized the government of Prince Lvoff and that of M. Kerensky which succeeded it. The British Cabinet was in fact willing to deal with and to acknowledge any government in Russia which was prepared to recognize its engagements towards the Allies and to carry on the war with Germany. It was only when the Bolsheviks repudiated these obligations, dispersed the Constituent Assembly, proclaimed a policy of world-wide revolutionary propaganda and murdered a British emissary that diplomatic relations with them became impossible.

The principles upon which the Bolshevik Government was conducting public affairs were deeply repugnant to the British Cabinet. Nevertheless there would have been no British intervention in Russia but for the fact that it was a supreme military necessity to keep a large German army occupied on the Eastern Front during the spring and summer of 1918, and that we had friends in Russia, who with some aid and encouragement from their Western allies were prepared to discharge this valuable function. The cooperation in this Russian enterprise of America, Japan and France was governed by the same ruling military necessity. There was no hostility towards the Russian nation, no desire to thwart the operation of the democratic principle in Russia or to impose a constitution repugnant to Russian sentiment. The guiding principle was to relieve the pressure upon the Western Front, and from this strictly military point of view the intervention of the Allies was justified by the event.

Battlefield decisions are seldom wise in the long run. They serve the desperate need of the moment but produce an aftermath of political trouble. Well do I remember the discussion in London

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at which the idea of an Allied intervention in Russia was first mooted, how big with political difficulties it seemed to be, and yet how imperious a necessity in view of the balance of military forces then existing in the West. The step once taken was difficult to retrace. Long after the armistice was signed in the West, the war against Bolshevism continued in Russia. Vainly did Mr. Lloyd George propose a conference between the contending parties at Prinkipo. The suggestion was treated with scorn in Russia and was most unfavorably received by Mr. Lloyd George's Conservative supporters in London. So the war dragged on, Britain and France furnishing supplies and some troops to the Russian Whites, and the Russian Whites steadily alienating the feeling of their compatriots by indiscipline and incompetence. After the event a member of the British Cabinet, as responsible as his colleagues for the course which was taken, may confess that his government would have been wise to have withdrawn at an earlier stage of the conflict. The difficulties, however, can be imagined. It is never otherwise than repugnant to an honorable man to leave an ally to the mercies of a harsh and cruel opponent.

The last consignment of British supplies to General Denikin was sent in February, 1920, and in the same month it was decided at a conference in London, at which M. Millerand and Signor Nitti were present, to open up trade relations with Russia. To the "Die-Hard" element in the House of Commons the idea of trading with the Bolshevik Government at all was abhorrent, and when it was known that a Russian subject, M. Krassin, was in London to negotiate a commercial agreement an energetic protest was made. The suggestion that the British Government should decline to trade with a government of violence was brushed aside by Mr. Lloyd George in a speech of overwhelming cogency. "Have we never," he asked, "traded with countries which have been guilty of atrocities? What about Turkey? Were not the atrocities in Russia, bad as they were, exceeded in horror, in number and in persistence by the atrocities perpetrated in Turkey by Abdul Hamid against the Armenians?" Then we had traded with Mexico. We had opened up most of the cannibal trade of the world. Was it really to be said that in a time when the west of Europe was starved of raw materials we were to deny ourselves access to the grain, the flax, the timber of Russia? "It is easy," he concluded, "to find quarrels. The world is bristling with them. Hand grenades are scattered all over the ground, and

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you have to walk carefully. The world is full of explosive matter. You have quarrels here and quarrels there and the whole trouble is that Europe is sick to death of the sacrifice of its flesh and blood and you will not restore its health until you bring to it something like sustained order."

Eventually in March, 1921, the trade agreement got signed. It was a beginning, but only a beginning. The British Prime Minister was anxious not only to open up trade with Russia but also to secure peace and tranquillityall along the Russian frontier. During the Russo-Polish War of 1920 he suggested a conference in London with a view to clearing up the whole situation, but the suggestion was, to his great regret, refused by the Soviet Government, who preferred to treat with the Poles directly. But the idea of a conference, at which Russian delegates would be present and through which Eastern Europe might be relieved of its nightmare of armaments, was never lost sight of, and was finally realized against tremendous obstacles in the spring of 1922. The Conference of Genoa was not an unqualified success. America declined to be represented, the French representative was continually hampered by instructions from Paris, and the atmosphere was rendered needlessly difficult by the publication of a treaty between Germany and the Soviet Republic. Nor was the bearing of the Russian representatives helpful to the cause of peace. Nevertheless two results, both important as steps towards the reconstruction of Europe, were achieved. Russia had been brought into conference with the Western powers, and a pact was agreed to for the preservation of peace which immediately relieved the apprehensions of the neighbors of the Soviet Republic. The Conference of Genoa was sharply attacked by the Russophobe press at home; but it was fully justified by its results and served to demonstrate once more the sincere desire of the British Government for a real disarmament through Europe.

Meanwhile the situation in the Near East was steadily drifting from bad to worse. And here, in order to understand British policy, it is necessary to take account of four shaping if not dominant considerations. The first is that the Turks, without a shadow of provocation, joined in the war against Great Britain and France, their ancient friends and allies, and by so doing prolonged hostilities for two unnecessary years. The second is that in the course of the war the Turks had been found guilty on the most unimpeachable evidence, most of it furnished by American

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missionaries and much of it confirmed by the American Ambassador Morgenthau, of a series of terrible Armenian massacres and had in general shown themselves incapable of ruling their Christian subjects with justice and humanity. The third is that the Moslem subjects of the King Emperor in India professed, and in a large measure felt, a keen sympathy for the Turk and were uneasy at his defeat and humiliation. And finally there was the important circumstance that while the Turk had done his best to help Germany to win the war the Greeks under the leadership of M. Venizelos had risked all to help us and at one time when reinforcements were badly wanted had nine divisions in the field.

The decision to partition Turkey at the end of the war was taken by the Allies in 1915 while Mr. Asquith was still Prime Minister of England. Under that early dispensation Constantinople was assigned to Russia; and, indeed, so long as Russia remained in the war, ready to carry through a policy of partition, there was no reason to believe that the policy, whatever might be its merits or demerits, would fail in the execution. Then Russia fell into revolution and out of hostility to the fundamentals of Western society began to stir up Moslem difficulties throughout the world. Nevertheless—for the full influence of the new propaganda was not immediately appreciated—the Allies persisted in their policy, being resolved to apply to the Turkish Empire their principles of self-determination under the dominion of which they had revived Poland, broken up Austria and instituted plebiscites in Schleswig and Silesia. In the mind of the British Prime Minister detestation of Turkish atrocities mingled with the political tradition associated with the great name of Gladstone. "Our policy," he proclaimed (June 23, 1920), "is a policy of releasing all non-Turkish populations from Turkish sway. That has been accepted by everyone in the House and outside." So the Arabian world was to be emancipated, Armenia constituted into a strong and independent state, the Italians brought to Asia Minor, the French to Cilicia and Syria, while Eastern and Western Thrace as well as the Vilayet of Smyrna were allotted to Greece. It was all beautifully logical, except the disposition of Western Thrace, where there appears to be a Turkish majority. And no one can accuse the policy of lack of scope and grandeur. What a chance it seemed to rescue Asia Minor and the Balkans from the blighting dominion of a nomad race, which however attractive in its qualities of hardihood, sobriety and endurance

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has throughout history conspicuously failed in all its relations to non-Turkish peoples! But here again it was a policy which required a strong instrument to bring it into effect. The instrument broke. America, which according to the required design was to have taken a mandate for Armenia, withdrew from all participation in Western affairs; France, hard pressed in Cilicia, made a separate treaty with the Turks; Italy washed her hands of the whole enterprise. There remained one weapon and that a weak one, the Greek army in Thrace and Asia Minor, whereby the Near East was to be recalled out of medieval barbarism to the glittering days of the early Christian centuries.

The situation had been greatly compromised by the long delay which elapsed between Lord Allenby's decisive rout of the Turkish armies and the signature of the Treaty of Sèvres. For that delay the British Government could hardly be held responsible. Speaking in the House of Commons on March 25, 1920, the Prime Minister, after alluding to the hopes which had been formed of American cooperation in respect of Armenia and the Straits and possibly also of Constantinople, observed:

"We were asked not to proceed with the Turkish scheme until President Wilson had had an opportunity of consulting the United States of America and we were led to expect that he would be in a position to give us a decision in that respect by the end of August or, at the latest, by September. Difficulties arose in the United States at that time in respect of the negotiations for the German treaty. . . . The result has been that we have not had any definite indication as to the attitude of the United States of America in reference to the Turkish treaty. . . . The delay has undoubtedly aggravated unrest in Turkey and has intensified the whole of our difficulties there, but I think that it is better that we should face that and work our way through than that we should create suspicion in the United States of America that we were quite willing to take United States help, but that whenever there was any question of dividing the mandates over these undeveloped territories we instantly took advantage of some little political difficulty in America in order to divide the whole thing among ourselves."

The results of the delay were serious. Mustapha Kemal, representing the spirit of irreconcilable Turkish nationalism, gathered together a force and set up a government at Angora, pledged to turn the Greeks out of Asia Minor and to recover Constantinople

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and Thrace. A force which would have been regarded as contemptible in 1919 became respectable in 1922. And there was no power on the spot to contest its advance into Greece.

The sentiment of the British Cabinet had, with some notable exceptions, been throughout unfavorable to the Turkish claims. On this point there was no division of opinion between Mr. Lloyd George and Mr. Balfour and Lord Curzon, his two successive Foreign Ministers. The Moslem cause found, however, a powerful advocate in the Cabinet in the person of Mr. Montagu, the Secretary of State for India, who throughout the peace negotiations represented with great force and eloquence the deep feeling of the Moslem leaders in India and the wisdom of conciliating it, if only as a means of securing a favorable atmosphere in which to launch his great experiment of Indian responsible government. Mr. Montagu was not without his supporters and the Treaty of Sèvres retained the Turk in Constantinople. In most other points, however, it was in violent contradiction with Turkish national sentiment and Mustapha Kemal and his friends vowed to overthrow it.

There followed a duel between Smyrna and Angora, the political history of which will long give rise to acrimonious debates. The British Government pursued a policy not of belligerency, open or covert, but of mediation and neutrality. All through 1921 and the early part of 1922 Mr. Lloyd George and Lord Curzon endeavored to bring the Greeks and Turks to an agreement. Not a gun, not a shell, not a soldier, not a shilling was voted to the support of the Greek enterprise. When the Greek army clamored to occupy Constantinople instructions were given to the British Commander on the spot to come into line with his French colleague and bar the way. On June 12, 1922, Mr. Lloyd George advised the Greeks to evacuate Smyrna; but electing to hold on, they suffered, rather through demoralization than military defeat, their great September disaster. It is possible that if the British Foreign Office had continued to press for evacuation steadily through the spring the world would have been spared the firing and the sack of Smyrna. On the other hand there was no clear military reason for expecting the fall of the city before so weak an assailant (for judged by Western standards Mustapha Kemal's army is far from being formidable) in advance of the meeting of the conference on Near Eastern affairs which was planned for the autumn.

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When the news of the fall of Smyrna was received in London the British Cabinet acted with nerve and decision. The important thing was to prevent the victorious army of Mustapha Kemal from crossing the Straits and carrying the war into Europe. A great fleet was rapidly concentrated in the threatened waters, reinforcements were hurried out and an appeal was made to the Dominions for their assistance should it be required. It was felt to be a matter of the first importance to avert a great massacre of the Christian population in Constantinople or the resumption by the Turks of an unfettered and exclusive control of the Dardanelles. So strongly was the Prime Minister of the opinion that the maintenance of the freedom of the Straits was vital to the interests of civilization that he was prepared even single-handed to fight in its defense. The cooperation of France and Italy was, however, urgently desired, and before the government fell the main lines of a settlement had been agreed on by the Allies and the Turks had signed an armistice at Mudania.

Such was the last achievement of Mr. Lloyd George's administration in the domain of foreign policy. The Turk had been arrested on the Asiatic side of the Straits and a breathing time had been secured wherein to negotiate the complicated details of a new settlement and to arrange for the orderly resumption of Moslem administration in Eastern Thrace. Though Asia Minor was lost to the Christian peoples, for causes over which British policy had no control, the horrors of war were stayed at the Hellespont by an exhibition of courage and promptitude which history will salute. Meanwhile the whole Arab world—Irak and Arabia and Palestine and Syria—are by virtue of Allied arms and diplomacy freed from the Turkish yoke.

The indictment preferred in some quarters against the British policy in the Near East is, first, that the Greeks were allowed to occupy Smyrna and, next, that they were not earlier and in stronger terms counselled or commanded to evacuate it. History always gives her award against a vanquished policy and will doubtless pronounce that the whole Allied design for the settlement of Asia Minor was too ambitious and founded upon a miscalculation of forces. It will say: "You should have seen that M. Venizelos was too daring, King Constantine too incompetent. You should have anticipated the treaty between Moscow and Angora, and the separate and secret negotiations between M. Franklin Bouillon and Mustapha Kemal. You should have

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known in advance that the American Senate would never support President Wilson. You should have measured with greater accuracy the force of Turkish Nationalism. You should not have allowed yourself to be swayed by the complaints of suffering Armenians and Greeks. On the contrary, you should have witnessed with unconcerned eyes the ruthless and systematic extermination of the Christian populations in Asia Minor. Your interest as a great Moslem power was to make, *coûte que coûte*, a good peace with the Turks, which the inexorable logic of events will now compel you to do." To all of which Lord Curzon might be disposed to reply, "Victrix causa deis placuit, sed victa Catoni."

No retrospect of British foreign policy during the last four years would be complete without some reference to the Washington Conference, and to the attitude which the British Government has taken up towards the League of Nations.

Of the Washington Conference it is only necessary here to say that the statesmanlike initiative of President Harding was received with enthusiasm throughout the British Empire and that the achievements of the conference were welcomed in no quarter of the world with a greater degree of cordiality than in Great Britain. The conference enabled three problems of the first order of importance for the future of civilization to be happily resolved—the limitation of naval armaments, the political relations between Great Britain, the United States and Japan, and the adjustment of points of actual or potential difference with reference to the disturbed Republic of China. Few conferences in the whole course of history have been so fruitful of results.

The League of Nations, too, despite many disabilities, notably the absence of America, Germany and Russia, has carried out a great deal of valuable international work in the three years of its existence. Its admirers in Great Britain have frequently blamed Mr. Lloyd George for not making a greater use of its machinery and have contended that tasks were being carried out by the Supreme Council which might with greater advantage have been turned over to the League. To this there is the two-fold answer, first, that if the League were invited to liquidate the penal clauses of the peace settlement it would inevitably be involved in an atmosphere of acrimonious controversy likely to prejudice its future usefulness, and second, that nearly all the important political work which had been undertaken by the League had

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been brought before it at the instance of the British Government. When the League undertook to arbitrate between Sweden and Finland in the affair of the Aaland islands, when it intervened to stop a war between Serbia and Albania, when it subdivided Upper Silesia between the Germans and the Poles, or when it devised a plan for the economic restoration of Austria—in all these instances its action was prompted by the British Government. If, then, the British Government has been remiss in its use of the League machinery what are we to think of the governments of the fifty other states who have signed the Covenant? The truth is that the British Empire has so far been the principal prop and support of the institution.

Valuable, however, though its work has been, the League suffers by reason of its incompleteness. Russia defies it, Germany distrusts it, America stands aloof. Last summer the British Government went out of its way to encourage Germany to apply for admission, but the League was then unpopular with the Germans largely owing to the Silesian decision and Dr. Wirth, having to pursue many unpopular courses in any case, did not wish to aggravate his burden. Next year the atmosphere may be more favorable and Germany may apply. If she does she will undoubtedly gain admission, and the League will be proof against the railings of those who describe it as a machine to promote Entente policies. Mr. Lloyd George has repeatedly pronounced his conviction that the League should be made universal as soon as may be.

So in every field the British Government has labored for peace and conciliation. The foreign policy of Great Britain is identical with the aim of the League of Nations. It is a policy of peace. In the British Empire itself and in lands under British influence or protection, there has been an application, *mutatis mutandis*, of the same dominant principle, the workings of which we have watched on the continent of Europe. Responsible government in British India, the abolition of the Protectorate in Egypt, the establishment of Dominion Home Rule in Ireland, these achievements of the Liberal spirit have all been accomplished in the course of the four crowded years which have succeeded the war. The Empire has been passing through one of the great seminal periods of human history.

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ETHICS AND INTERNATIONAL RELATIONS

By John Dewey

THE situation that exists among nations in their relations to one another is such that it tempts even those who ordinarily come far short of cynicism to say that there is no connection between ethics and international relations. The title is also a temptation to indulge in a drastic attack upon present international relations as inherently immoral. One might make out a case for the proposition that they are ruled by force, fraud and secret intrigue, and that whenever moral considerations come into conflict with national ambitions and nationalistic ideas they go by the board. Or, identifying the moral with that which ought to be, whether it is or not, one might appeal to some ideal of what ought to be and point out the discrepancies that are found between this ideal of what should be and what actually is. The latter method naturally terminates in exhortation, in appeal to the moral consciousness of mankind.

These considerations are not adduced in order to develop them, but to suggest the extraordinary confusion that is found in current moral ideas as they are reflected in the ethics of international relations. I do not intend, then, to discuss international relations from the moral point of view, but rather to discuss the uncertain estate, the almost chaotic condition, of moral conceptions and beliefs as that condition bears upon the international situation. Why is it that men's morals have so little effect in regulating the attitude of nations to one another? Even the most cynical would hesitate to declare that the habits, to say nothing of the ideals, of the average decent man and woman in their ordinary affairs were adequately embodied in the existing reign of hatred, suspicion, fear and secrecy in international politics. The truth seems to be rather that man's morals are paralyzed when it comes to international conduct; that they are swept away and rendered impotent by larger forces that go their own way irrespective of the morals that are employed in everyday matters.

The problems suggested by this state of affairs may be approached from two angles. We may ask what are the actual forces that have grown so powerful that they have escaped from moral control? What are the factors that prevent moral habits and ideas from operation? This opens a large and extremely

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complex field to be attacked only by cooperative efforts of historians, publicists, lawyers, and economists. There is open, however, a less pretentious method of approach. One may make the inquiry from the side of moral conceptions and doctrines, and ask whether they are intellectually competent to meet the needs of the situation. Some of the trouble may be due to the lack of coherent and generally accepted moral ideas; not of ideas in a vague and abstract sense but of ideas sufficiently concrete to be operative. This intellectual factor may not be in itself very large or powerful, and yet it may represent a factor that, although small in itself, is an indispensable condition of straightening out objective political and economic forces that are much more energetic and active.

In such an appraisal the historic conditions under which the laws applicable to international relations were formulated furnish a natural starting point. There can be no doubt that the intellectual work of Grotius and his successors had great practical influence. It was not academic and professorial, nor was it conceived primarily in the interests of the claims and ambitions of some particular state. These men were genuinely international, and for a time they had great effect in appeasing international strife and moralizing actual international relations. These basic contributions all sprang from a common moral source. They all expressed the idea of laws of nature which are moral laws of universal validity. The conception of laws of nature that are the fundamental moral laws of all human conduct of every kind and at all times and places was not a new one. Roman moralists had worked out the idea in connection with Roman jurisprudence; it was familiar to every civilian and canonist, and indeed to every educated man. The Catholic church had made the notion fundamental to its whole doctrine of secular ethics, that is of all obligations not springing from divine revelation. And even these obligations only expressed a higher and more ultimate nature of things not accessible to man's unaided reason. The Protestant moralists and theologians equally built upon the conception; at most they only put a greater emphasis upon an inner light in the conscience of individuals which revealed and acknowledged the laws of nature as the supreme standards of human behavior.

There was thus a principle and method of morals which was universally recognized throughout Christendon; there was also

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general agreement as to the contents of the code of obligations defined by the principle. The great achievement of Grotius and his followers consisted in studying existing international customs and in criticizing and organizing them by the help of the commonly accepted standard of laws of nature. More than one living authority in jurisprudence—like Pollock—has pointed out the service rendered by the conception of laws of nature in the development of various branches of law, private as well as public, and in equity practice. They all agree that its use in formulating the rules governing international conduct was its first and most conspicuous service. Now I do not mean to intimate that without responsive factors in the actual political and economic situation the intellectual application of the concept of natural laws to international relations would have exercised the moderating and humane influence which followed upon the labors of the school of Grotius. But it is meant that the general unquestioning and pervasive acknowledgment of the law of nature as the supreme ethical standard enabled the moral sentiments and ideals of Christendom to be concentrated upon problems of international conduct, so that whatever moral ideas *can* accomplish in practical regulation of human behavior *was* effectually accomplished.

During the nineteenth century, the notion of natural law in morals fell largely into discredit and disuse outside the orthodox moralists of the Catholic church. Of recent years there has been an increasing recognition that in principle all that is meant by a law of nature is a moral law to be applied to the criticism and construction of positive law, legislative and judicial. It has been pointed out that either we must surrender the notion that moral principles have anything to do with positive laws, international and municipal, or else admit the idea of natural law in some shape or form. But there is a wide difference between admitting the general notion of moral laws over against custom and positive law, and imputing to the law of nature the character and content which was attributed to it by seventeenth century moralists. While Grotius asserted that the law of nature would still be binding even if there were no revelation and no God as supreme lawgiver and judge, yet in the popular mind and in his mind the idea still had a theological background and a religious force. The laws of nature still represented the purposes of God and his injunctions concerning the ways in which his purposes as governing the life of man were to be realized. The secular science as well as the secular

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morals of the period only substituted "secondary" causes and laws for the primary and direct action of God.

But as men's minds gradually got away from the habit of connecting secular things with theological and religious matters, primary or secondary, the enormous force of the religious associations and sanctions of the law of nature gradually ceased. And among Protestants at least, even among those in whom religious ideas retained their old force in morality, most men got out of the habit of associating the religious factor in morals with laws of nature and indeed, to a large extent, with law at all. Divine love and desire for man replaced the concept of divine commands, injunctions and prohibitions. Thus in international relations, as elsewhere, the notion of a definite and universal moral norm in the shape of laws of nature weakened and died out. Even when retained, as in some texts, it was in perfunctory deference to tradition rather than as a living intellectual force. But its decay has not been accompanied by the development of any other moral principle of equal generality and equally wide current acceptance. In its stead we have a multiplicity of moral doctrines, more or less opposed to one another, and none of them held with any great assurance except by a small band of ardent partisans.

Moreover, aside from the question of religious reinforcement, other factors have rendered the old concept of natural law uncongenial. It was always associated with the idea of reason as a force or faculty in things as well as a force and faculty in minds. The laws of nature signified that certain rational principles are actually embodied in the nature of man in his connection with the rest of nature. To obey the law of nature was all one with obeying the dictates of reason. And reason was thought of not just as a psychological possession of the individual mind but as the bond of unity in society. Even the physical laws of nature, since they were universal and "governed" particular empirical phenomena, were rational. Animals had laws of reason embodied in their structure and instincts which they followed without knowing them. The superiority of man is simply that he can be aware of the rational principles which physical things and animals unconsciously obey. It is not possible, I think, for any one today to estimate the power added to the concept of laws of nature by their implicit and unquestioned association with reason and with the common ends and interests that hold men together in society.

It is hardly necessary to note the various influences that under-

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mined this association and, in undermining it, weakened also the working influence of moral ideas on custom and law. Even among those who might give a formal allegiance to similar ideas, if they were presented already formulated, the ideas have little vital power. Modern science has familiarized even the man in the street with a radically different notion about laws of nature. In writing these pages I have felt almost bound to use the term "law of nature" instead of the words "natural law," so different are the familiar connotations of the latter term. Natural law in the popular conception is physical rather than rational; it is associated with energies—heat, light, gravitation, electricity—not with rationality. And it would be difficult today to get even a serious hearing in most circles for the idea that reason is what holds men together in society. Economists, sociologists, historians, psychologists have worked together to displace this idea, to make it seem unreal and faded, even when they disagree radically among themselves as to just what is the nature of the social tie. When we ask what has taken the place of the old law of nature, of reason in nature and society, we are confronted with a scene of contention, confusion and uncertainty. Where is the moral idea capable of exercising the crystallizing, concentrating and directing force upon positive law and custom once exercised by the idea of laws of nature? Few of those who insist that it is necessary to revive the concept in order to have a basis of criticism and constructive effort would revive the idea in its older shape. And they are divided when asked what we should put in its place. This division among intellectuals would not be of any great importance were it not that it reflects division, confusion and uncertainty in the popular mind.

Of course there have been many attempts to fill the void created by the gradual disappearance from the practical scene of the idea of laws of nature, and some of the attempts have been successful in forming not only schools of thought but in exerting considerable practical influence upon affairs. From among these schools we may select the utilitarian and what for convenience may be called the Hegelian for special consideration. The utilitarian school cannot be charged with lack of definiteness and assurance of conviction. And no candid student of English legal, political and social reforms of the last century can assert that it lacked great practical influence. Ignoring technical details that are connected mainly with a psychology of feelings and pleasures

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and pains which has been largely outgrown by the advance of mental inquiry, we may say that the formula of the greatest good for the greatest number, every individual to count as one and only one in the enumeration, has been translated into the conviction that social welfare is the last and the legitimate moral standard. Regard for the general welfare is the proper source of all moral rules and moral obligations. Instead of considering antecedent ready-made laws, we should search social *consequences* to find principles of criticism of positive laws and current customs and of plans for legislation and new social arrangements.

Great as was the efficacy of this idea in domestic affairs, where shall we look to find traces of its influence upon international morality? Even admitting that it presents to us a sound view of the moral standard and the source of moral laws, has it been applied with any effectiveness to the conduct of international affairs? As a moral standard it puts upon an equal footing the happiness of citizens of foreign lands and of the home land. Where has this principle determined an important branch of international law? What has it done, I will not say to prevent war, but to mitigate its horrors? To most people, I suppose, the idea of its general application to international relations would seem as Utopian as the literal application of the teachings of Jesus. It is sometimes said that utilitarianism supplies us with a low and somewhat sordid moral principle. But in this respect, at least, it would seem to be too high, too far above and beyond present attainment.

More concretely, various attempts to show that war in particular and methods relying upon force and intrigue in general do not pay, may be said to represent examples of the attempt to apply the utilitarian theory in international affairs. The demonstration that war does not pay even the nations that win is probably sufficiently convincing to most persons since the Great War. But the demonstration and the conviction do not appear to have much practical influence. It is too rationalistic; it assumes in too exclusive a way that men are governed by considerations of advantage, of profit and loss. Not only critics of utilitarianism but a great utilitarian, John Stuart Mill, criticized the earlier Benthamite version, on the ground that it leaned too heavily on the material interests of man without enough regard for the motives that may, according to one's bias, be termed sentimental, ideal or spiritual. And it might almost be said that the very

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existence of war with its willingness to sacrifice life and property for a cause is proof of the soundness of the criticism. War is as stupid as you please but it does not *persist* because of wrong calculations of profit, even though wrong estimates of national advantage may sometimes play a part in the minds of statesmen in starting a war.

The reasons for the practical failure of utilitarianism in international morality can be found within the doctrine itself. It is a theory not only of the moral standard but also of the moral motive, namely, concern for the general happiness. Now the utilitarians themselves recognized that after consideration for the standard has shown what should be done, the question remains of linking up the moral end with the motives that will make it prevail in conduct. They listed the motives that may be relied upon: natural sympathy with others; education into social ways of looking at conduct; mutual advantage through industrial interdependence, division of labor and exchange; and the penal sanction—personal suffering when anti-social motives are given sway.

Now it is obvious that under existing conditions these motives have little chance to operate in international affairs. The extent of sympathy is conditioned in the concrete among the mass of persons by habitual contact and familiar association. It may work strongly where these conditions are found and be very weak when there are barriers of language, custom, and political affiliation. Sympathy with one's immediate fellows is easily turned into antipathy to the outsider and stranger. Education is limited also by range of contact and intercourse, and at present the forces that educate into nationalistic patriotism are powerful and those that educate into equal regard and esteem for aliens are weak. The economic motive works both ways. As already stated, war almost undoubtedly entails loss for a nation as a whole; the risk of loss through defeat is great. But there are also profiteers, those who stand to gain for themselves, and there is no guarantee that they will not occupy places of power and influence. Aside from profiteering, the existence of protective tariffs shows how far men are from believing that free exchange is of necessity a mutual advantage.

As for the legal penal sanction, that is manifestly totally lacking, since there is no common political superior that makes laws with penalties attached for violation. In short, all the conditions

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that made utilitarianism domestically and internally effective are either absent or much enfeebled in international relations. It will be understood that these remarks are no more an attack upon utilitarianism than they are a defense of it. They are made not for the sake of making any assessment of utilitarianism but because they throw light upon the present lack of a coherent body of moral ideas that may be efficaciously applied in international matters. The evidence is the more striking in the case of utilitarian moral beliefs, because although not universally accepted—in fact although bitterly attacked—they were none the less effective within a nation.

The type of moral doctrine that for convenience in having a single name was called Hegelian is in fact much wider than any one school of philosophy. It goes back in its cruder form to Machiavelli and Hobbes. Both of these writers were attacked in their own day and ever since that day as immoralists rather than moralists. But nevertheless they represent a distinct type of moral ideas. Their underlying principle, when we eliminate idiosyncracies of personality and surroundings, is that institutions having authority, especially that institution we call the state, are a necessary precondition of the morality of individuals. Hence, the social organization has a privileged, indeed, a unique moral position. Being the condition without which morality in the concrete is impossible, it is also above morals in the ordinary sense, in the sense in which private persons and voluntary communities are required to be moral. The idea came into later German philosophy not from Machiavelli and Hobbes direct but by a revival of Greek (especially Aristotelian) political ethics interpreted by the teaching of Spinoza. The latter, living in a period of almost universal war, external and civil, with all its attendant insecurity of existence, immensely deepened the teaching of Hobbes. He taught expressly that the authority of the state is a necessary pre-condition of stability of social and personal life and of any widespread freedom and rationality of life. Even the most rational of beings cannot put his rationality into effect and achieve freedom except as he has the external support as well as the positive assistance of others. Without political power most men will be governed by their passions, and the wisest of men will be constantly at the mercy of his environment and of appetite and passion.

The political condition of Germany, internal and external, after

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the Napoleonic wars created a situation favorable to the revival of these ideas. It also furnished a situation in which these ideas were important intellectual weapons in regenerating and unifying the separate and particularistic states of Germany under the hegemony of Prussia. These ideas, first taught in the universities, were so congenial to the needs of political Germany that they soon bore practical fruit. If they were not active forces in bringing about the centralization of previously scattered political authority they at least formulated the end and gave it intellectual justification.

It is not necessary to spend much time showing that this type of ethical thought, a type which insisted upon certainty, unity and stability of institutions, as utilitarians insisted upon the spread of general personal happiness, did not and could not favorably affect international morality. Its whole tendency was toward an intellectual glorification of the national state. Struggle between states was a necessary incident of history; more than this, it operated to strengthen and consolidate the authority of institutions. Success in war was objective evidence of a superior social organization, and hence of superior morality. If a single peaceful international order is ever attainable it is only by means of a *Pax Romana;* some one state must become so powerful as to be able to enforce its will upon all other communities.

I do not mean to intimate that these two types of moral doctrine exhaust the ethical conceptions that have developed in the void left by the subsidence of the theory of natural law. There are others of considerable importance. But the career of the two selected types may serve to illustrate our main thesis: one important factor in the present problem of ethics and international relations is found on the side of ethical beliefs themselves in their confused and contending divergencies. The trouble does not reside wholly on the practical side. It is not my intent to propose any set of moral beliefs which might in my opinion remedy this state of affairs. I content myself with pointing out that since we are still in a very early period of anything which may be called the modern world there is no ground for despair as to the future. Every condition of life as it moves toward coherent organization develops its own *ethos*, its own standards and codes. In spite of the wide extent and internal complexity of the present situation, so much greater than anything in previous history, there is sufficient ground for believing

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that we are working toward a more coherent condition of life, and that a unified moral code will grow up when social relations are better adjusted. It is trite to say that we live in a time of immense transitions; we do not sufficiently note that ethical confusion always attends such epochs.

But future expectations give little comfort and stay in the present. It seems to me that there is one measure that would at least concentrate and direct moral sentiments and moral desires and emotions, which are certainly still widespread amid our intellectual confusion and uncertainty. *Law* has always served the purpose of condensing and defining the moral wishes and expectations of the community. No matter how much it is behind the highest moral aspirations of the developed members of the community, law has precipitated average moral sentiment in a way that has rendered it more effective than it would otherwise be. It has canalized moral emotions so that they may flow to a purpose. Changing the metaphor, it has given them positive leverage.

Now it seems to me that there is one legal change which, were it made, would effect an enormous change in clarifying the present situation and would give the development of sound ideas and valid practises a great impetus. I refer to the movement, originally launched in this country by Mr. Levinson, a successful lawyer of Chicago, for the outlawry of war. Under present international law war is legal. There is indeed no such thing as illegal war, except the kind of war that appears to most persons the most justifiable from the moral standpoint—internal wars of liberation. War is not only legal; it is the *most* authorized method of settling disputes between nations that are intense. Resort to organized force is the *ultima ratio* of states. This fact constitutes by far the greatest gap that exists in any realm of life between moral sentiment and authorized practise. With respect to all lesser disputes there are regular methods of settlement which are alone legal. There are laws, courts and procedures for settling them. I am not hopeful that causes of dispute between nations will cease any more than causes of disputes between individuals. But we no longer permit individuals to settle disputes by waging private war; even in cases when honor is impugned the duel is outlawed.

I do not see how anybody who faces the situation can do otherwise than be convinced that the legality of war constitutes the greatest anomaly that now anywhere exists in morals.

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As long as it persists, moral sentiment is in a self-contradictory position; there is a double standard of moral ideas introducing an almost hopeless conflict, till a person has no choice except between belligerent loyalty to his own community and a non-resistant pacifism which comes close to moral passivism. The outlawing of war as a method of settling national disputes under any circumstances, with the attendant institution of courts having complete jurisdiction in disputes that might lead to war, operating under a carefully thought out code, would put an end to this fatal moral dualism.

Community of moral feeling exists even among those of diverse intellectual moral beliefs. The outlawing of war provides a common center for the expression of this community of moral emotion and desire. International law against war would produce the same condensing, precipitating, crystallizing effect for morals with respect to international relations that law has supplied everywhere else in its historic development. It is the logical completion of the historic development of courts as the instrumentalities for settling disputes, and until it is reached the influence of moral sentiment is split and scattered.

The argument is not that wars would necessarily cease. Laws have not prevented other crimes; it may be that war though a crime would still be resorted to. But the person who believes that law which should brand war for what it is instead of permitting it as legal would have no effect, has a peculiar view of history and human nature. There is an old saying that what the sovereign permits he commands. It is not needful to take this saying literally to recognize that the existing legal sanction of war inevitably confers upon it a moral sanction which in the end encourages war. What law authorizes is a powerful influence in determining moral ideas and aspirations in the mass of men. But above all what is asserted is that until war is outlawed by conjoint international action there is no opportunity for existing moral sentiments to function effectively in international relations, and next to no hope for the speedy development of a coherent and widely accepted body of moral ideas which will be effective in determining international relations. The first move in improving international morality is to outlaw war. Till this move is taken I do not see much chance that any other improvement in international relations will win general assent or be practicable in execution.

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THE WORLD OIL SITUATION

By A. C. Bedford

OIL is without doubt one of civilization's most important natural resources. And yet we are just beginning to learn how dependent we are upon it. The wheels of machinery cannot turn, ships cannot move across the seas, our industrial age would come to a complete standstill,—without oil. But the world is only now coming to realize the significance of the two vital facts, first, that man can no more manufacture oil than he can manufacture a grain of wheat; and, second, that nature's supplies of oil are not inexhaustible.

These transcendent facts far outweigh the importance of those elements in the oil situation which appear to excite most acutely many writers for the press; they are, indeed, factors to which the statesmanship of the world may well give primary consideration as against thoughts of imperialistic aggrandizement or even of strategic protection.

To suggest the possibility of great nations going to war over oil is to suggest that civilization shall plunge to its downfall in the struggle to control the very natural resources which are intended to aid and promote the progress of mankind. To suggest that great nations and great aggregations of capital should engage in cut-throat commercial competition over one of nature's bounties which ought to be carefully conserved, economically marketed and intelligently used, is to suggest that the gratification of national and corporate avarice is liable to become more dominant over the policies of nations and their citizens than conceptions of intelligent cooperation to foster the progress of civilization.

No one can regard the petroleum situation in the world today in a comprehensive manner without being convinced that a clear vision of all the elements in that problem leads to but one conclusion, and that is the supreme importance of cooperation on the part of the peoples of the world both in exploiting and utilizing the oil resources which nature has so sumptuously provided.

The fundamental elements of the oil problem are comparatively simple, but they have been complicated in recent years by developments which have not yet cleared up, and which are of so abnormal a character as to create a recurring divergence from the

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ordinary processes of progress, a divergence which cannot be corrected by any measures of a superficial character. To assure stability and constructive effort the cure must be fundamental.

The abnormal situations to which I refer exist primarily in Russia and Mexico. Next to the United States, those are the two most important oil producing countries in the world. Private capital has for many years invested large sums of money in developing the petroleum resources of those two countries. These investments were made in reliance upon the continued protection given by the laws then existing and upon the assurance of the permanent validity of rights duly acquired and utilized.

In the case of Russia, the Soviet Government, following the revolution, seized practically all private property, including, of course, industries which had been developed by alien capital. The result has been extremely serious. There has been a steady reduction in the output of oil, and, what is more vital, there has been an absolute stoppage in the development of facilities for oil production. Russia's need at the moment is for private capital to assist in exploiting her oil resources. The problem there is largely domestic because Russia under normal conditions needs practically all of her own oil for her own uses. But a country which is in need of such tremendous development as is called for in Russia must have access to enormous new reservoirs of capital if she is once more to resume the road of progress. Therefore the primary question in Russia is who will provide the necessary private capital for future development.

If Russia wishes to nationalize all her private industries every consideration of right and justice compels her adequately to compensate those who had invested their money in the development of industries in Russia prior to the revolution. New private capital cannot go into Russia wisely and safely until proper adjustment is made of the old claims and until assurances are given of the protection of private property for the future.

In Mexico the problem is not fundamentally dissimilar from that in Russia. Under the presidency of Mr. Diaz, Mexico encouraged and enjoyed a great importation of foreign capital for investment in developing her oil resources. The results were extremely profitable to the country. American capital aggregating probably $500,000,000 has been invested in the exploitation of oil in Mexico. In 1922 the United States imported from Mexico 132,000,000 barrels of oil. Without that supply we

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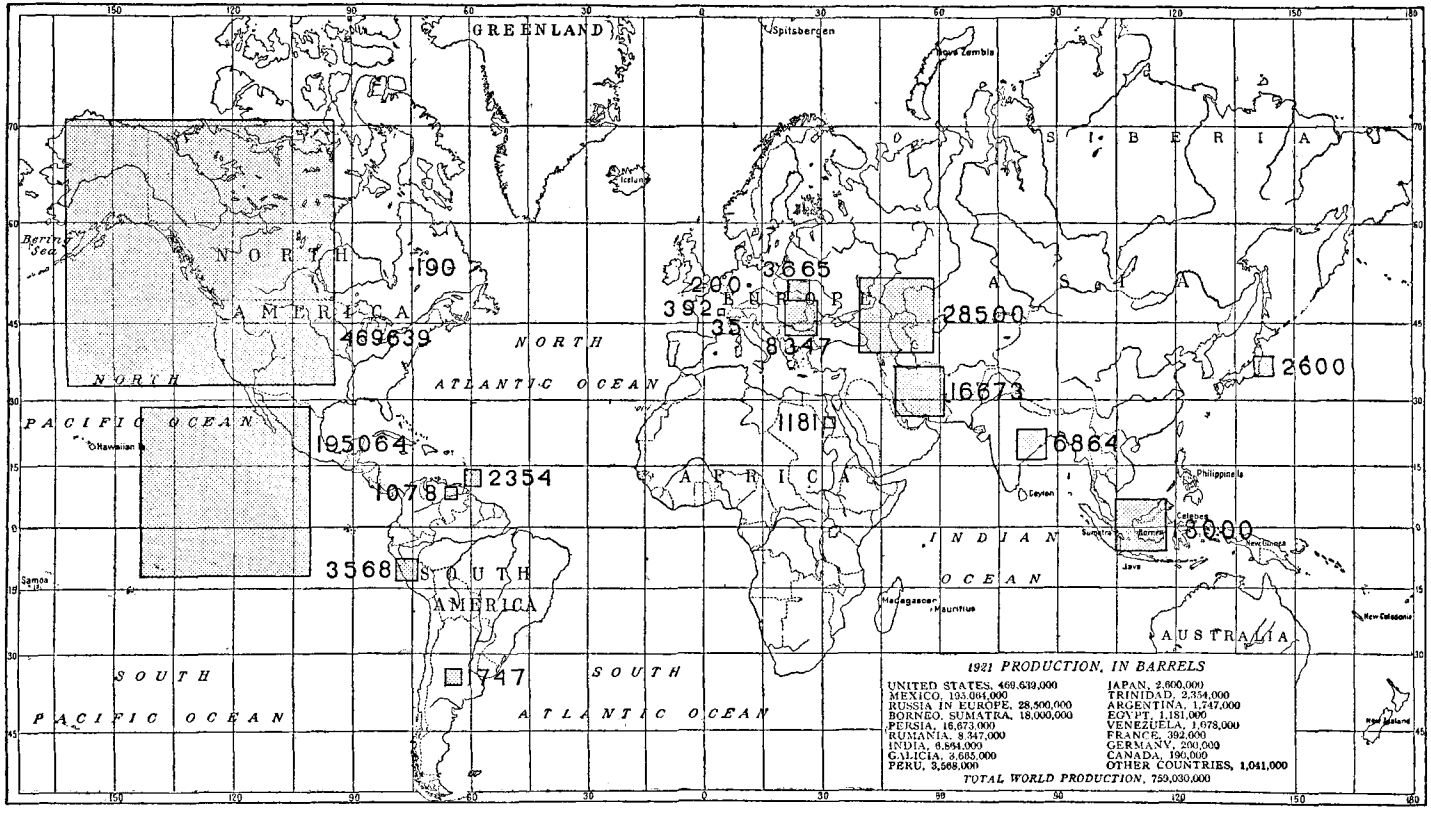

THE WORLD'S OIL PRODUCTION IN 1921

The areas of the squares are proportional to the production of barrels of crude petroleum. The figures adjoining the squares give the production in thousands of barrels. It should be remembered that such a map furnishes no key to the oil reserves. The probable exhaustion of known American reserves in twenty years at the present rate of production, and the limited knowledge that we have of oil reserves in under-developed foreign fields, lend to the present distribution great interest from the standpoint of international relations.

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should have been unable to meet the heavy demands upon us and at the same time maintain a normal reserve supply. Since the end of the Diaz government, however, the old laws governing the exploitation of oil in Mexico have been thrown into the discard, and the confiscatory provisions of the present Constitution and of governmental decrees, together with what many consider to be arbitrary and excessive taxation, constitute a menace to American enterprise.

And it should be stated that this reference to the abnormal political conditions in Mexico in no way relates to the very serious change which has recently come about in the physical conditions affecting the production of Mexican oil. A few years ago Mexico gave promise of vast and permanent productivity, and for a few years that promise was justified. In reliance not alone upon the security of the laws, but also upon what appeared to be the reasonable promise of permanency of supply, a large investment of new capital had been attracted to Mexico for purposes of exploration and development, to say nothing of the money expended for tanker fleets, manufacturing plants, storage and other necessary facilities. The recent exhaustion and other untoward developments in the two important Mexican fields, however, have been such that exploitation of fully two-thirds of the estimated producing area has been abandoned. Consequently the operating companies which made so huge an investment in Mexico will receive only a meagre return on their outlay. In fact it is safe to say that the existing oil companies in Mexico face a collective loss of at least half of their original investment. Thus is illustrated one of the extreme hazards of the business.

The situations in Russia and Mexico constitute the chief abnormal elements in the world's petroleum problem. A problem of less difficult character arose from the fact that immediately following the war, and growing largely out of conditions developed during the war, there was in some countries a tendency toward government monopolization of the oil business. This tendency was most evident in France and Italy, and for a time it presented an obvious danger. Clearly, if a government engages in any business which competes with the private industry of other countries factors are introduced into the relationship between nations which are extremely delicate and difficult. Fortunately, both France and Italy realized the unwisdom of such a government monopoly, and both those countries now frankly encourage

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the development of their petroleum markets under the auspices of private industry.

It is a matter of encouragement to note that throughout Europe, indeed throughout the world, the swing is away from exaggerated government intervention in business. The world over, there is a reaction against the claims, criticisms and illusions of socialism and against assumption by the state of activities which can best be carried on by the individual.

Let us now consider the broader and more normal aspects of the larger problem. Prior to the Great War the world gave no serious consideration to the thought that its petroleum supplies might become exhausted. The commercial development of oil throughout the world was largely a search for markets. The United States produced much more petroleum than it needed, and great additions to our national prosperity were realized out of the marketing of our surplus supplies among foreign peoples. The competition among oil companies doing an international business was almost exclusively in marketing their products. The war, however, progressively revealed the extent to which modern civilization is dependent upon its oil supplies. It brought the world face to face with the stern reality that petroleum resources are limited and exhaustible, and it drew into clear relief the fact that the oil problem of the future was not that of finding markets but that of obtaining supplies. Of course there will always be ups and downs in industrial activity, and petroleum production may at times afford a temporary over-supply, but in the long run the problem is unquestionably as stated.

To be sure, the war revealed the strategic importance of oil. Many have believed that the active interest of the British Government in the oil situation since the war has grown out of a realization of the fact that as an island country her very existence was dependent upon the efficiency of her navy, and that her navy must have assurance of adequate supplies of petroleum.

No one can believe, however, that either the British Government or the British people are interested in oil supplies primarily from the strategic standpoint. In the first place, no one could contemplate the possibility of war between Great Britain and the United States without feeling that such a catastrophe would probably mean the complete downfall of modern civilization. The great English-speaking peoples of the world are undoubtedly drawing closer together, and to suggest that their governments

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or peoples should base national policies merely upon the necessity of acquiring possession of oil supplies in order to be assured of protection in the event of war against one another is to assume that mankind regards its own deliberate suicide as not being outside the range of possibility.

But, assuming that strategic considerations were behind the effort of different governments to obtain increasing power over the development of the world's oil, the fallacy involved in any such effort is obvious. Suppose, for example, that prior to the war British capital had created an oil producing industry in Germany. What good would it have done? Would not the Germans have seized such supplies immediately? As a matter of fact, the United States had participated in a petroleum development in Rumania. Of what value was that to us or to the Allies after Germany had taken possession of Rumania?

Strategic factors in the world search for oil may accordingly be regarded as of minor importance. No matter what sensational writers may say, it may be regarded by serious observers as a fact that the great nations of the world are not engaged in an insatiable search for oil merely to be able to supply their war-ships, flying machines and motor trucks for purposes of armed conflict. The fundamental problem is far deeper than that, and really concerns itself with measures which look to the progress rather than the destruction of civilization.

In order to state the matter in proper perspective let us for a moment consider the position of the United States. This country contributes about 70 per cent of the world's current petroleum production. Since the establishment of the industry we have produced a total of about 6,500,000,000 barrels. The United States is not only the largest producer, but by far the largest consumer of petroleum and its products, both as to gross and per capita. The enormous development of the American automotive industry is in a large measure responsible for this extraordinary condition. Reports indicate that in 1923 more than 12,000,000 motor cars and trucks will have to be supplied with gasoline and oil. And this takes no account of the enormous number of farm tractors, motor boats, aeroplanes, and gasoline power plants of which there are no official records. Likewise, it gives no indication of the demands for fuel oil on the part of marine engines, power and heating plants, and railroad locomotives which, owing to the growing scarcity of coal, now burn oil.

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While the United States has been producing and using these enormous supplies of petroleum—indeed founding its industrial progress more and more upon this basic product—there has always been a substantial surplus, which has called for the use of American initiative and enterprise as well as the expenditure of American capital in the development of foreign markets. America supplies a substantial part of all the petroleum used in Great Britain, France, Italy, and Germany. The American oil can is one of the most familiar articles in the domestic life of the peoples of the Far East, particularly of India and China. The American petroleum industry has contributed what is by far the most important manufactured article entering into the export trade of the United States. The development of this business has, indeed, resulted in profit to those who conducted it; but in addition it has also resulted in great comfort and convenience to millions of people throughout the world. American oil may truthfully be claimed to have been one of the veritable agencies which has brought about the spread of civilization. And, up until very lately, the world had to depend almost entirely upon the United States for this indispensable product.

But the production of oil is not a mere matter of distribution. The oil must be found before it can be distributed. And no one can ever tell just where it may be found next. The spirit of the pioneer, even of the adventurer, must be invoked in this unremitting search for supplies. That is an important reason why fundamentally the oil business does not take on the character of a public utility.

It should be noted that with all its expansion in the United States the oil industry has remained essentially a free industry. Its very nature prevents monopolization or group control. No man or group of men can restrain others from seeking oil, nor, when it has been found, can they restrict or augment its flow. The expansion in the United States has come about not through the realization of excessive profits upon the capital invested, but because of the application of the petroleum products of this and other countries to a myriad of new uses. The industry has flourished because conditions of free competition have obtained, and because the industry has experienced a long period of unexampled and almost uninterrupted growth in seeking supplies and finding the markets for petroleum products. The very nature of the industry precludes any artificial price-fixing effort.

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The road the industry has traveled is strewn with the bones of those who have endeavored to run contrary to this natural law.

It has been frequently pointed out that during the war period the petroleum industry in the United States was permitted, under official supervision, to function according to the wisdom and experience of its own administrators. The petroleum industry was almost unique during that period in being permitted, within due and proper limits, to govern itself. It is the belief of those familiar with the petroleum industry that that policy has been shown by experience, not alone in the United States but in countries throughout the world, to be the policy calculated to effect the wisest and most economical production and distribution of even so important a basic product as petroleum.

In recent years the development of oil in Russia, Persia, the Dutch East Indies, Mexico, South America, and elsewhere, has opened up supplies affording opportunities for the investment of capital by other nations and also providing sources of supply relatively near at hand to markets which had already been opened up and developed and which until then had been largely provided for by supplies from the United States. Out of this situation has grown the present international oil problem, which, in so far as it is political, may be described as the problem of the "open door." That question may be simply stated thus: In the development of the natural resources of the world shall the nationals of one country have equal rights with the nationals of another? The United States has an acute interest in that question, around which revolve all the real international controversies which have arisen over oil.

This problem ought not to be viewed in any narrow or selfish sense. Even assuming that there could be superficial reasons of nationalistic self-interest which would apparently justify a country in withholding from other nationals the privilege of exploiting its natural resources, would that policy be fundamentally sound? Should not the interests of the world as a whole receive due consideration?

It must never be forgotten that oil is a mining business. The supplies of oil are hidden away under ground, and the search for them is accompanied by great expense and many disappointments. Petroleum is the most uncertain of natural resources. Broadly speaking it is impossible to say today where oil will be found tomorrow, and, having been found, how long the supply

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will last. The risks of the business are tremendous, as is effectively illustrated by the recent experience in Mexico.

There can be no assurance that the exhaustion which has taken place in Mexico will not sooner or later occur in any other field now under development or to be developed. It is obvious, therefore, that the seeking and developing of oil resources must be done by business organizations equipped with adequate capital, and that no matter how large any one organization or interest may be its resources will still be unequal to meeting the fast growing demands of the world situation.

It is equally obvious that no existing interest, regardless of its size and importance, would consider it the part of wisdom to concentrate all of its resources in the development of a single territory, no matter how promising that territory might be. There should be international collaboration with a pro-rating among nations and interests of the risks involved.

This consideration applies very decidedly to the development of oil in a country like Mesopotamia. It is a fact that the oil deposits there are practically an unknown quantity. Development has not proceeded to a point which demonstrates their commercial possibilities. Such a development would require a very large expenditure of money for the building of pipe lines and other facilities of production. Even if the United States herself should be given exclusive privileges in Mesopotamia no single financial interest would be justified in assuming the risk of an investment which might involve such great loss.

In the proper development of Mosul and Mesopotamia, American interests—not merely one American interest, but all important American interests—should cooperate with the interests of other nations, to the end that the risks involved in the investment of capital shall be widely distributed, and thus minimized; and also to the end that the resources of that country shall not, any more than the resources of any other undeveloped section of the earth, be exploited for the exclusive benefit of a single nation or group of interests.

The position of the Government of the United States on this subject has been made very clear in a wide range of diplomatic correspondence. The point should be emphasized that our government has struggled for the maintenance of a principle affecting every American commercial interest, and not merely the oil industry and certainly not any one interest in the oil

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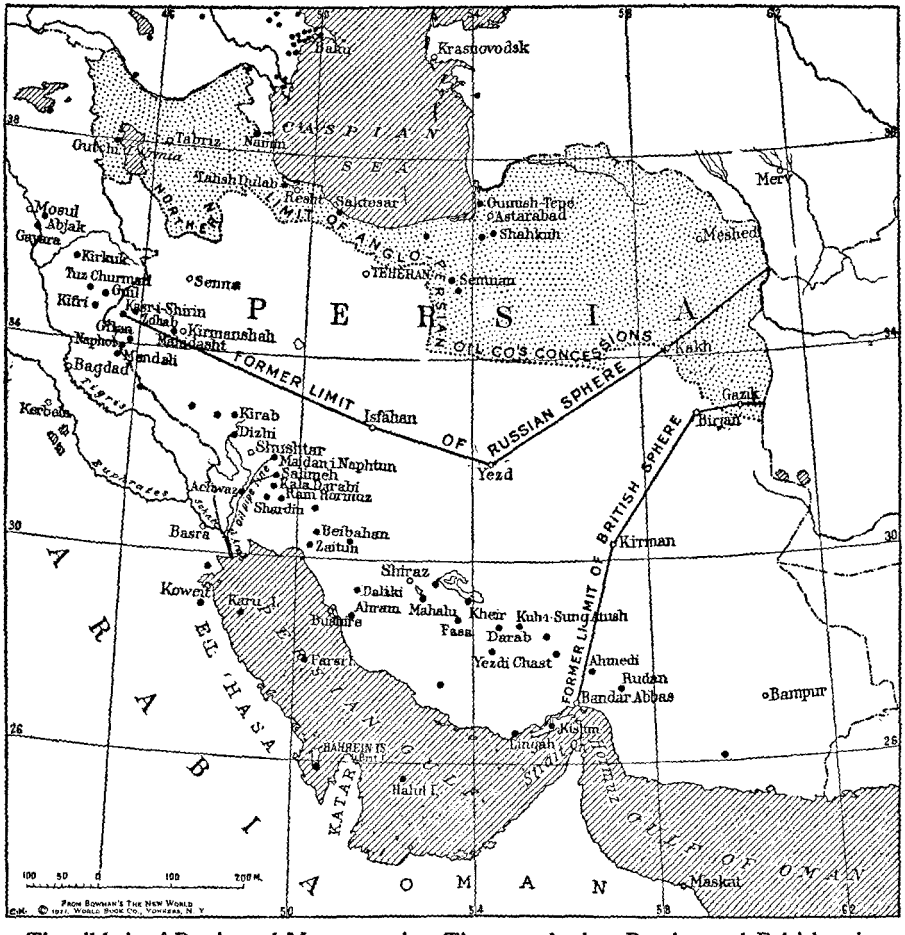

The oil belt of Persia and Mesopotamia. The now obsolete Russian and British spheres of 1907 are shown and likewise the limits of the active concession owned by the Anglo-Persian Oil Co., Ltd. The Mosul question is involved in a part of this field.

industry. All our government has been seeking is that all American nationals shall have the same commercial rights and opportunities in other countries that we grant the nationals of those countries in the United States. There are no restrictions as to residence or citizenship as far as concerns the ownership or management of companies formed to carry on commercial or industrial operations in the United States. To be sure, Congress in 1920 enacted a mineral leasing law for public lands, forbidding the acquisition of government property by the nationals of any foreign country that denies reciprocity to Americans. But the general situation has been that while American capital has been long predominant in our petroleum development there are very

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substantial foreign interests engaged in the business here which enjoy the protection of the same laws that afford protection to our own citizens.

Similar freedom of opportunity for the citizens of the United States to develop foreign oil resources is not permitted by a number of other nations. No more terse statement of the situation has been made than is contained in the report of the Federal Trade Commission of the United States to the American Congress, published February 11, 1923, in which the situation was summarized as follows:

"The most important instances of discrimination by foreign governments against citizens of this country are the exclusive policies of the Governments of Great Britain and the Netherlands in respect to the oil fields of India and the Dutch East Indies, and the 1922 San Remo agreement of Great Britain and France covering the undeveloped oil fields of Mesopotamia and of the British and French colonies.

"Denial of reciprocity of treatment to citizens of this country appears to exist with respect to the petroleum industry of Australia, British Borneo, certain African colonies, British Honduras, British Guiana, and Trinidad, France and French possessions, Italy and the Netherlands and its dependencies."

The attitude of the British Government in regard to Mesopotamia was summed up by Lord Curzon, the Foreign Minister, in the wise statement that "oil is a commodity in which the world is interested, and as to which it is a great mistake to claim or exercise a monopoly." Continuing his statement, the British Foreign Minister added that "with the full knowledge and support of the British Government, negotiations have been proceeding to associate the interests of other countries and other parties on this concession, so that all those that are equally interested may have a share."

British capital and, in fact, the British Government, are also interested in the development of Persian oil resources under a concession granted by the Persian Government in 1901 and afterward acquired by the Anglo-Persian Oil Company, Ltd., to the capital of which the British Government has contributed about $25,000,000, but in the management or commercial policy of which it has no voice. Persia ranks fifth as an oil producing country and the British concession includes about 500,000 square miles from which practically all of the current production comes.

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The output in 1921 was about 16,673,000 barrels, or 2.2 per cent of the total world production for that year.

The United States Government has made it clear that it has no desire to interfere in the political relations of any power with a colony, a protectorate or a mandated area. But whenever it has been proposed to use such relations for the creation of exclusive economic spheres, wherein the development of a natural and much-needed product would be confined to the parent or dominant power, this country has protested.

The American oil industry is now and has always been anxious to produce and sell oil at the lowest possible price. American oil companies ask for no opportunities which are denied to other nationals in other countries, or which are not accorded to other nationals in the United States. They seek merely the opportunity of engaging alongside the oil interests of other nations in opening up the world's undeveloped petroleum resources. They believe that as the normal development of civilization depends partly upon oil the best interests of every nation and of the oil companies of every nation will be promoted by the general adoption by all nations of the open-door policy, permitting the efficient investment of capital from any source and on equal terms, and further, by the assurance from all nations that whatever risks the citizens of other countries may assume in the search for and development of oil resources they will at least have the full and equal protection of laws adequately safeguarding the rights of private property.

Such a policy is broad-gauged and fair. To proceed upon any less comprehensive theory would be not alone narrow and egotistic but would ultimately result in failure to effect the most thoroughgoing and economical production and distribution of the world's limited petroleum supplies.

In the large, the petroleum problem is one of development of our material civilization. To regard it from the point of view of national boundary lines is to deny its fundamental character. The welfare of mankind is in no small degree dependent upon the world's taking an attitude toward it which will lift it out of narrow conceptions and which will result in its being dealt with by peoples and nations in a spirit of the broadest understanding and cooperation.

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CANADA AND FOREIGN POLICY

By J. A. Stevenson

AMONG the overseas nations of the Britannic Commonwealth Canada holds the premier place by reason of her population, wealth, and material resources, and her geographical proximity to the mother-country gives her a special political influence which is not enjoyed by more distant Dominions. As a natural consequence, therefore, the people of Canada have invariably undertaken the task of blazing the trail in the long constitutional journey which has brought them from the status of minor colonial outposts to full and equal partnership in a great worldwide commonwealth. It was Canada who first wrested from England the privileges of responsible government, it was Canada who first asserted the principle of fiscal autonomy and it was Canada who first acquired separate treaty-making powers. Sir Robert Borden has fixed 1848 as the date when the organization of a new constitution for the British Commonwealth began and there will be few to dispute his assertion that its final development has not been attained. The self-governing Dominions long ago secured the fullest autonomy in their domestic affairs and in theory they have been conceded full and equal rights of partnership in the management of the joint interests of the British Commonwealth. But in actual practice they are still what is described in commercial parlance as "sleeping partners" in a most important sphere of policy and until some plan is devised whereby all the units of the British Commonwealth can obtain a real cooperative control over foreign policy, a national function whose sane and enlightened management is a vital factor in the happiness and prosperity of any community, the organization of that commonwealth must be regarded as marred by serious defects. But the movement for the necessary adjustments and changes, whose urgency has been sharply demonstrated by recent events, is now under way, and it is fitting that Canada is once more playing her historic part as a pioneer.

When the war came Canada found herself plunged in a night into the European maelstrom. During the early war years her government was content to leave the conduct of the British Commonwealth's diplomacy to the Foreign Office in London,

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but as the struggle dragged on it became necessary to offer Canada and the other Dominions some real voice in the direction of British policy. At intervals Canadian ministers visited London and held conferences with the British Cabinet, but it was not till 1917 that the organization known as the Imperial War Cabinet came into existence. It was a somewhat anomalous body which Sir Robert Borden once defined as a "Cabinet of Governments," but it functioned with considerable efficiency and satisfaction till peace came. To it was entrusted the general direction of British policy, military and civil, and Sir Robert Borden and General Smuts had exactly the same status as their British colleagues.

With the arrival of peace the question of the representation of the British Commonwealth at the inevitable conference had to be faced. The Foreign Office hierarchy and many influential British politicians desired a unified British delegation on which the Dominions would be allowed to send representatives in an advisory capacity. But Sir Robert Borden and General Smuts began a fight for the separate representation of the Dominions at Paris and their point was eventually gained—in face, as a Canadian minister confessed, of the opposition of the most conservative elements in Britain. Sir Robert Borden and three colleagues attended the Peace Conference as the representatives of Canada and affixed their signatures to the Peace Treaty in that capacity. Canada was also accorded separate representation in the League of Nations and the claim was advanced that she had at last attained the status of complete nationhood. The separate statehood of Canada, as distinct from its separate nationhood, was nevertheless called into question. Among others, the Republican Party in the United States challenged the doctrine that the British Dominions had acquired any international status. There was available the damning evidence of the British North America Act, still unrepealed, by whose terms Canada is in the eyes of international lawyers a subordinate community, fettered and bound by the legislation of the British Parliament. This challenge to the assumptions of the Canadian Nationalists was welcomed in Imperialist circles both in Canada and Britain and the controversy over Canada's exact status is still raging, to the intermittent disturbance of her politics.

As far back as 1919 the *Round Table* pointed out the unsatisfactory character of the arrangements between the states of the

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British Commonwealth for a joint control of foreign policy. The force of such contentions was suddenly demonstrated in connection with the Near Eastern crisis of September, 1922. On the evening of September 15 the British Government sent a despatch to all the Dominion Governments intimating that armed resistance to the Kemalists was almost unavoidable and asking what steps the Dominion Governments were prepared to take in support of such action. Not only the King Ministry but the people of Canada were thrown into great perturbation at the prospect of immersion in another European war. The government returned a non-committal reply, asked for more information and announced its intention of consulting Parliament. The result of the Mudania Conference dissolved the prospect of immediate war, but there is little doubt that if hostilities had broken out in the Dardanelles a serious political crisis would have developed at Ottawa. The apathy of the French-Canadian race to European commitments was amply demonstrated during the Great War, and it is no less marked today. Yet two-thirds of the parliamentary supporters of the King Ministry are either French-Canadians or dependent for their seats on French-Canadian votes, and if the government had taken any steps to send a military contingent it is calculated that at least 40 of their supporters would have gone into open revolt. Many of the Progressive Party would also have opposed intervention and if Mr. Mackenzie King had decided to carry out a war policy he must have sought the cooperation of the Conservative leader, Mr. Meighen. The result would have been a wholesale *bouleversement* in Canadian politics and a disastrous disturbance of the national life. If, on the other hand, the King government had declined to take any part in a war with the Turks the results might have been even more serious. Liberal defections might have been balanced by Progressive adhesions but within twenty-four hours there would have broken out in the English-speaking areas of Canada a fierce agitation against what would have been denounced as the government's apathy and cowardice. All the old and very deep resentment felt against Quebec for its imperfect sympathy towards the national war effort in 1914–18 would have blazed out in full fury. Racial and religious animosities which all public spirited Canadians are endeavoring to suppress would have revived and Canadian politics would have assumed a most unpleasant aspect.

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These perils were for the moment averted, but as long as the present instability of the European situation continues their reappearance at any moment is possible. The cold truth is that the liabilities of Canada and other Dominions for the consequences of policies devised by Downing Street are completely undefined and as long as they remain in this unfortunate condition, whatever may happen in the other Dominions, a political crisis must follow any attempt to make Canada assume military or other responsibilities outside the North American continent. It would be interesting to discover whether the British Cabinet in making its fateful decision of September 15 gave any consideration to the possibility of very serious political difficulties in Canada.

The same episode also demonstrated the faultiness of the present methods of communication between the two governments. The strange controversy between Lord Curzon and Mr. Winston Churchill revealed that the fateful message to the Dominions was despatched from London on the night of Friday, September 15. Allowing for the difference in time, it should have been in the hands of the Canadian Prime Minister, who acts as Minister of External Affairs, before midnight on the same date. Considerable mystery envelops the actual time of its arrival but it is certain that the Prime Minister did not see it till Sunday morning and no action about it was taken till Monday. Here was a serious issue of peace or war in which the cooperation of the Dominions was sought, and yet a period of at least 60 hours had to elapse before the decision of the British Government could be considered by the Canadian Cabinet. Obviously machinery of this type can hardly be described as reliable.

The absence of the proper machinery for cooperation between the various units of the Britannic Commonwealth has long been plain to intelligent students of its problems. At the Imperial Conference of 1917, the following resolution was passed on the motion of Sir Robert Borden:

"The Imperial War Conference are of opinion that the readjustment of the constitutional relations of the component parts of the Empire is too important and intricate a subject to be dealt with during the war, and that it should form the subject of a special Imperial Conference to be summoned as soon as possible after the cessation of hostilities.

"They deem it their duty, however, to place on record their view

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that any such readjustment, while thoroughly preserving all existing powers of self-government and complete control of domestic affairs, should be based upon a full recognition of the Dominions as autonomous nations of an Imperial Commonwealth, and of India as an important portion of the same, should recognize the right of the Dominions and India to an adequate voice in foreign policy and in foreign relations, and should provide effective arrangements for continuous consultation in all important matters of common Imperial concern, and for such necessary concerted action, founded on consultation, as the several governments may determine."

It was arranged that the Conference of 1921 should discuss the arrangements for the special constitutional conference, but when this particular item on the agenda was presented it was unanimously decided that the summoning of the special conference should be indefinitely postponed. The British Government were possibly afraid that the spirit of particularist nationalism, then visible in some of the Dominions, would demand concessions which would imperil the political solidarity of the commonwealth. Mr. Hughes of Australia and Mr. Massey of New Zealand, a brace of strong imperialists, have always been complaisant allies of the British school of imperialists. Mr. Meighen's position in Canada was too uncertain for him to take a definite stand and General Smuts' dependence on British votes in South Africa made him unwilling to oppose the desires of the British Government. Accordingly the constitutional conference was shelved and the relations of the British state were allowed to continue in their chaotic state.

In the debate on the Irish settlement, Mr. Lloyd George, who was then Prime Minister, made a very important speech in which he laid down extreme doctrines of centralization in the field of foreign policy. Speaking in the House of Commons on December 14, 1921, he declared that the position of the Dominions in reference to external affairs had been completely revolutionized in the course of the last four years. He freely admitted that although the Dominions had come to the help of the mother country in a policy which they had not shared in making, it was unfair to expect them to repeat the performance, and therefore some control of foreign policy must be accorded them. Then he made this significant statement:

"The machinery is the machinery of the British Government—the Foreign Office, the Ambassadors—the machinery must remain here.

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It is impossible that it could be otherwise, unless you have a Council of Empire with representatives for the purpose. Apart from that you must act through one instrument. The instrument of the foreign policy of the Empire is the British Foreign Office. This has been accepted by the Dominions as inevitable. But they claim a voice in determining the lines of our future policy. At the last Imperial Conference they were there discussing our policy in Germany, our policy in Egypt, our policy in America, our policy all over the world, and we are now acting upon the mature general decisions arrived at with the common consent of the whole Empire. The sole control of Britain over foreign policy is now vested in the Empire as a whole. That is a new fact, and I would point out what bearing it has on the Irish controversy. The advantage to us is that joint control means joint responsibility, and when the burden of Empire has become so vast it is well that we should have the shoulders of these young giants under the burden to help us along."

This declaration aroused some protests from papers of a nationalist tinge in Canada, but the country became absorbed in the tumults of a general election fought on domestic issues and the shelving of the constitutional conference was soon forgotten. However, papers like the *Manitoba Free Press* have continued to declaim against the decision as a serious error and Sir Robert Borden, who has had more experience in the practical workings of the existing arrangements than any other living statesman, has lost few opportunities of expressing himself in the same strain. Speaking recently to the American Historical Association at New Haven he delivered himself of the following observations:

"The constitutional conference alluded to in the resolution of 1917 has not yet been held, and at a meeting of Prime Ministers, held in London in 1921, the surprising conclusion was reached that it was no longer necessary. It would be difficult to suggest any substantial reason for this determination."

The probability is that a special constitutional conference will not be held in the immediate future but that at the next regular Imperial Conference some proposals will be put forward for the establishment of machinery which will give some reality to Canadian control over foreign policy. Even if the other Dominions are content to preserve the status quo, Canadian opinion will press for some changes and the Ottawa government will be forced to respond. Sir Clifford Sifton, who was a leading member

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of Laurier's Cabinet and has in recent years developed strongly nationalist views, has urged the holding of a Canadian constitutional conference which should, in addition to formulating solutions for some awkward domestic problems, try to work out a policy for the relations of Canada with the other British states. The suggestion has not elicited wide support, but the Near Eastern crisis convinced the majority of intelligent Canadians that the present machinery for the cooperative control of British foreign policy is hopelessly inadequate, farcical even. The absurdities of the present position are too great to be permanent. By Article X of the League of Nations Canada is committed to entanglements in the European imbroglio. She has pledged herself to guarantee the territorial integrity of Poland, Czechoslovakia and other countries and has thereby undertaken obligations which she has resolutely refused to assume for the mother country under any definite contract. The Canadian people find themselves involved in European complications with unlimited liabilities therefor and they are slowly realizing the full implications of their situation.

Today one finds in Canada very divergent currents of thought upon this question. If the French-Canadians could be sure of the preservation of their special racial and religious privileges in an independent Canada the vast majority of them would favor Canadian independence; but knowing that these privileges would be anything but secure in an independent state they are willing to preserve the status quo as long as it entails no serious external obligations. Nor does the idea of Canadian independence lack powerful advocates outside French-Canada. However, they may be dismissed as an effective force until they can convince the French-Canadians that the destruction of the British North America Act would not imperil the special privileges which it guarantees them.

There is another school of thought which has enjoyed distinguished backing in Canada. It has favored utilizing the League of Nations as an organ for the expression of Canadian policy in regard to international questions. Its view is that while the common ties of sentiment, tradition, and language would always make the British states a harmonious and cooperating league within the League, yet the new organization now functioning at Geneva offers the Dominions a chance of emancipation from the supervision of Downing Street. It was un-

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doubtedly with this end in view that the Borden government gave its most active encouragement to the work of the League. A liberal financial contribution was given, Sir Herbert Ames, a well-known Canadian M. P., was appointed General Treasurer of the League, and a number of Canadians were drafted onto its staff. Canadian delegates have attended its meetings and played an active part in its discussions. On more than one issue they have been found voting against their British colleagues and this phenomenon has excited profound horror in certain circles in Canada. The meetings of the League have afforded a curious sidelight upon strange Canadian contacts with European affairs. There happens to be settled in the prairie provinces of Canada a very large and prosperous body of Ukrainians, whose voting power is considerable. These people have been deeply outraged at the treatment accorded their kindred by Poland, to whom Eastern Galicia, part of the homeland of the Ukrainians, was awarded. The Ukrainians of Galicia have been pressing for emancipation. Consumed with an anxiety to conciliate the Ukrainian vote in the west, Canadian delegates belonging to ministries of different stripes have raised in the Assembly of the League the question of the fate of the Ukrainians of Eastern Galicia and have pressed for action to relieve their woes. No action has been taken, but the incident clearly proves that what is regarded as one of the most backward elements in Canada has a distinct and lively interest in European affairs. Similar ties bind the other immigrant communities to their original homes and since most of the immigrant population has found its way to the regions lying west of the Great Lakes it is easily intelligible why the *Manitoba Free Press*, the leading paper of that territory, devotes more space than any other Canadian paper to the discussion of international affairs.

But what Canadians who favored the development of the League as an avenue for their country's participation in international affairs had not foreseen was that divers European statesmen would conspire to flout the League, curtail its real authority and keep the Supreme Council in being as the real arbiter of Europe's destinies. If the Canadian statesmen had talked less about the virtues and blessings of the League and worked more energetically to force recognition of its value and authority upon their British colleagues they would have been in a stronger position.

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In any case, while there is much good-will in Canada towards the League, many Canadians are not prepared to await the full efflorescence of its powers before they can obtain some real measure of control over their foreign policy. Alternative schemes to that end are being constantly discussed. Any plans of imperial federation and a centralized Imperial Parliament may be ruled out of consideration, for their supporters in Canada today could barely muster a corporal's guard. The idea of an Imperial Council which should be specially charged with the supervision of the commonwealth's foreign policy has a larger body of advocates, but there are wide differences of opinion about its possible composition. The most acceptable suggestion has come from Mr. N. W. Rowell, who was an important member of the Coalition Government of 1917–1920 and has as intelligent a conception of international problems as any Canadian statesman except Sir Robert Borden. At present Canada and the other Dominions maintain in London officials called High Commissioners who have no political authority but are chiefly occupied with social duties and the supervision of bureaus dealing with trade and immigration. Mr. Rowell proposes that the status of the High Commissioner be completely changed and that he become an intermediary empowered to act as a communicating channel between the British Cabinet and his own government in the field of international relations. Mr. Rowell would also have him available to act as Canada's representative on the League of Nations, and in his book "The British Empire and World Peace" thus emphasizes the need for the change:

"It is important in the interests of Canada and her place in the League of Nations that there should be a measure of continuity in her representation at the Assembly and other international gatherings or conferences held under the auspices of the League. It would be of real value to Canada if one, at least, of her representatives knew and understood the point of view of the other nations represented in the League. The personal equation is now an important factor. . . . Does not Canada's position now entitle her to request that her High Commissioner should deal directly with the Prime Minister or the Secretary of State for Foreign Affairs? The accredited representative of any foreign state in London has the right to discuss a matter affecting his state with the Foreign Secretary. How much more should the accredited representative of one of the Dominions possess this right?"

Another suggestion is that one member of the Canadian

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Cabinet should be continually resident in London, with the relations between Canada and the mother country and other European states as his special province. Of necessity he would take high rank in the Cabinet hierarchy and be entrusted with very wide authority. But if there were four or five resident Dominion ministers in London the inevitable step would be the formation of some sort of Imperial Council for Foreign Affairs with a permanent secretariat and definite organization. There might also be organized a common diplomatic service for the whole Commonwealth, and such a reform would bring many advantages. All the Dominions maintain departments of external affairs, but these are inadequately staffed and the various cabinets have often to act solely upon data furnished by the Foreign Office in Downing Street, whose officials are not unduly concerned about Dominion interests. Heretofore the British diplomatic service has remained a closed preserve for a limited class of Britons, but its democratization is now inevitable; and it would be hastened by the injection every year into the sacred enclaves of Downing Street of a contingent of young Canadians, South Africans, and Australians who would introduce the healthy democratic viewpoint of their native lands and would insensibly win proper consideration for their interests in matters of policy. One serious problem will be the dovetailing of any machinery which might be set up into the organization of the League of Nations, and it has been proposed that before each meeting of the League the delegates of the British states should hold a preliminary conference in London and try to arrive at some common basis of policy.

For the moment the issue of Canadian participation in the diplomatic work of the Commonwealth centers round the question of a special Canadian Ministry at Washington. The idea was bruited many years ago by both Liberal and Conservative statesmen at Ottawa, but it only took active shape at the conclusion of the war when Sir Robert Borden urged its desirability upon the British Government. The same elements in Britain who had opposed the separate representation of the Dominions at the Peace Conference were horrified at the suggestion and conjured up a variety of objections and difficulties. But the Canadian Government, stressing the evidence of Lord Bryce that a large proportion of the work of the British Embassy at Washington directly concerned Canadian affairs, carried its point and on

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May, 1920, the terms of an arrangement whereby Canada secured the right to direct representation at Washington were announced. A substantial sum was voted for the maintenance of the Ministry and if Sir Robert Borden had not been compelled through ill health to lay down the Premiership an immediate appointment would have been made. Mr. Mackenzie King, the present Premier, had given his cordial approval to the principle of a Canadian Minister at Washington, but unfortunately the veteran Minister of Finance, Mr. W. S. Fielding, who commands great authority in the Liberal Party by reason of his long services, is an inveterate opponent of the idea and has successfully thwarted any appointment. Mr. Fielding belongs to the old school of colonialists who view such assertions of national individuality as sheer treachery to the mother country and talk with horror of the perils involved in a breach of the Commonwealth's diplomatic unity. It is an open secret that the British Foreign Office also dislikes acutely the prospect of this innovation. But Mr. Fielding's school of thought is being rapidly thinned in Canada, and Downing Street would do well to prepare itself for the inevitable appearance in the near future of a Canadian Minister at Washington.

Breaches in the diplomatic unity of the Britannic Commonwealth have already taken place without serious consequences to its real structure. In 1921 the Conference of Premiers which met in London was especially charged with the duty of examining the question of the renewal of the Anglo-Japanese Alliance, then on the verge of expiration. The Foreign Office had definitely made up its mind to renew the pact and Australia and New Zealand were prepared to fall into line. But Mr. Meighen, the Canadian Premier, who had a better knowledge of the repugnance of American opinion to the alliance, took a very resolute stand against renewal and pointed out that his country would not lightheartedly endorse any foreign policy likely to entail the loss of the good-will of a neighbor with whom it had a variety of relations of the most intimate character. It was also demonstrated to the British Government that opinion in British Columbia was just as bitterly anti-Japanese as in California and that its legislature had passed a resolution demanding the complete exclusion of all Oriental immigrants. Mr. Meighen plainly intimated the possibility that the Canadian Parliament to which he intended to submit the treaty might contract itself

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out of its obligations. Here would have developed a real fissure in the diplomatic solidarity of the Commonwealth and the British Foreign Office took fright at the prospect. It played for time and sought postponement of the issue involved. But the Canadian position having been backed by General Smuts and a powerful body of British opinion, including the Northcliffe Press and the *Manchester Guardian*, it was revealed to the American Government and public that the more enlightened elements in the Britannic Commonwealth were not prepared to impair their good relations with the United States for the sake of an alliance with Japan. The way was at once cleared for the issuance of invitations to the Washington Disarmament Conference, the decisions of which, if they have not yielded their full fruit, have materially improved the prospects of world peace.

The episode of the Anglo-Japanese Alliance provided the first instance of the complete deflection of British foreign policy through the action of a Dominion, and it is safe to prophesy that it will not be the last. The bogey of the dangerous consequences of differences of opinion in the councils of the Britannic Commonwealth need not be taken seriously. Sir Robert Borden has testified that "while there were strong, sometimes vehement, differences of opinion both at Paris and Washington it was realized that in matters of vital concern and especially those involving its political unity the Commonwealth must speak with one voice." There are acute differences of opinion in all cabinets but in the end they usually manage to arrive at unanimity. The delegations of the Britannic Commonwealth will not find it difficult to practice the art of compromise as soon as the proper machinery for cooperation has been set up.

But in the ultimate analysis machinery is only an instrument of policy and it remains to consider briefly the Canadian attitude upon foreign affairs and international problems.

In a country so sundered by geographical and racial divisions it is a difficult task to find a common denominator of public opinion, but it can be said that the temper of the Canadian people is quite as pacific as that of their nearest neighbors. They are well content to remain in the orbit of the Britannic Commonwealth and in the main will accept the guidance of Great Britain in European affairs; but as a corollary Canada will expect her opinion to have special consideration in all matters relating to America. Mr. Meighen laid down this doctrine in 1921 and

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recognition cannot be denied it. The incidents surrounding the renewal of the Anglo-Japanese pact revealed a commonalty of diplomatic interest between Canada and the United States which will increase rather than wane in the coming years, and on all Pacific problems the two countries will be disposed to follow parallel policies. In the summer of 1921 Canada was given an opportunity to play what is her destined rôle as an interpreter between Great Britain and the United States. She availed herself of it with the most beneficent results. At all times in the future her influence in the field of foreign affairs will be thrown on the side of policies in which these two kindred countries can cooperate harmoniously. She is today feeling her way into the wider field of international politics and her path will be much simplified on the day that the United States sees fit to join the League of Nations.

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MEXICAN PROBLEMS

By T. Esquivel Obregon

IN a certain border town between Mexico and the United States the line which separates the two countries is marked by monuments along one of the streets. On one side of the line one can see sordid, low, gray adobe houses, poorly dressed people basking in the sun, the streets clean but unpaved and dismal. On the other side of the line the houses and dress of the people, their habits and cheerfulness, show another life. I saw those conditions in that town many years ago, when there was not a hint of revolution in Mexico. For those who are inclined to follow the line of least resistance in explaining this contrast, the usual commonplaces of climate, race and psychology were then useless because Mexicans and Americans lived in the most friendly relations; Mexican and American young men married American and Mexican girls; the Spanish and English languages were used promiscuously along the border; the Catholic and Protestant religions throve as well on one side as the other; but there was still an undeniable line of separation, constituting an international riddle more puzzling than the enigma of the Sphinx.

To find the solution of the riddle, let us see how a man in Mexico responds to environment and historical forces and how economic science explains many Mexican mysteries and suggests the proper coordination of scattered forces which so far have proved unable to achieve any national cultural purpose.

We constantly hear it said that Mexico is one of the richest countries of the world. This is the first fallacy that we need to correct, as it is the origin of many others.

The traveler who goes from the United States via Laredo or El Paso to Mexico City will be at a loss when, after more than a day's journey, he has not seen, except in very rare instances, anything but desert land, with no other vegetation than shabby gray bushes, cactus and a type of low fruitless palm. Around the railway stations are ragged little boys, stolid-looking creatures who look upon the people of the train as beings belonging to another world, the world of the happy. The traveler at the same time will be unable to conceive how the situation of those poor people could be improved, as there is no possibility of agriculture, commerce or industry in all the region he has seen.

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Only when the traveler comes within about three hundred miles of Mexico City does he begin to observe tracts of land under cultivation and here and there streams of water which stimulate the people to work. He has arrived in one of the best sections of the country. He is now at an altitude of about five thousand feet above sea level. To the east a high chain of mountains bars the passage of the clouds carried by the trade winds from the Gulf of Mexico; only in summer time, from June to September, when the clouds are lighter, do they pass over the mountains and condense into rain. Sometimes the rain comes too late—after the seeds have decayed in the ground and there is no longer time to sow again; at times rain is so persistent that the farmer has no chance to cultivate, and the crop is lost; on other occasions, after early promise of rain, water is absent just at the time when the ear of corn is filling; or not infrequently, when all has gone well and hopes are most brilliant, a frost at the end of September changes hope into deception. One year out of five, perhaps, the farmer gets a chance to raise a good crop and reimburse himself for his advances. And then he must pay a part of his debt to the banks. You may see, therefore, how hazardous agriculture is in the Central Plateau and on the western slopes of the Mexican mountains, and why it can only be undertaken by persons with financial resources. The situation could be improved by irrigation, by building reservoirs and aqueducts, but this would require many millions of dollars.

On the eastern slopes of the mountains rain falls in great abundance, the land is fertile and the climate propitious for agriculture. Those who have gone from Vera Cruz to Mexico City have seen the wonders of that tropical vegetation. Unfortunately, that part of Mexico is infested by malaria, yellow fever and other forms of sickness as well as by poisonous insects which menace and make sombre the life of the people. Who may say the millions of dollars required for its sanitation?

This endless series of mountains constitutes the most pronounced geographical feature of Mexico and makes communication a problem, not only in export and import trading, but in domestic trading as well. The railways existing in the country are only the framework of a real system of communications; they need to be supplemented by a thick net of secondary lines in order to tap the regions of greatest agricultural promise. The present railways were only planned to facilitate the importation of

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foreign goods to the large centres of population and the exportation of ores and metals from the mining districts. So the people upon whom the country should most depend for its support and welfare live isolated and are forced to be satisfied with a very scanty production. To bring those people into modern life and to utilize the agricultural parts of Mexico would require many millions of dollars for building roads and railways.

The influence of geography on the Mexican people is also evident when considered from another point of view.

In the early colonial period the commerce of Mexico was monopolized by Spain, and this has been the explanation given by most writers for the backwardness of Mexico. They do not seem to know that England monopolized the commerce of her American colonies more strictly than ever Spain did hers. The problem, therefore, is to explain why, as soon as the English colonies were independent, they began sending their ships all over the world, while Mexico could not find any better use for her independence than closing the country to foreign trade by a prohibitive tariff. After more than a century we have not even the foundation of a merchant marine, and our exportations are limited practically to ores extracted by foreign enterprises.

During the Spanish régime we had a form of foreign trade; we sent sugar, tobacco, cotton, cochineal, indigo and some other articles, free of duty, to Spain. With independence we lost that trade to Cuba and could not send our products to compete with those of any other country. The reason was not principally the Spanish monopoly, but our lack of internal communication. The abrupt mountains not only prevented the inhabitants from sending their products to the coast for exportation, but also hampered domestic trade. In many cases there would be famine in one district and plenty in another. Freights were prohibitive. Nature seemed to have condemned each region to keep its own products. Humboldt observed in 1804 that the wheat from Puebla could not compete in Vera Cruz with the wheat of Boston, transported by boat.

In addition, lack of means of transportation made traveling unusual and caused mental as well as financial poverty. Prejudices were deeply rooted; the people really believed themselves to be the richest of the world, even though they lived in destitution. They took the potentialities of the country for actual wealth. People from Sonora or Sinaloa were almost as strange to

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those of Yucatan or Oaxaca as Peruvians or Chileans. There was no trade between them; the Spanish traditions, language and institutions were the only common tie. Patriotism as a result came to be merely sentimental, and there is today a complete lack of knowledge among the cultured classes regarding the needs of Mexico as a whole. The ruling classes, in addition, seldom travel abroad, and this habit causes many mishaps in our relations with other countries.

Preposterous Mexican exaggerations regarding the part played by Mexico in the world, regarding the power and influence of its various provinces or states, and even regarding the rôle of individuals in the development of the country, are only the natural result of the aloofness and provincialism imposed by the country's geographic features.

Now if from the field of geography we pass on to a study of the people themselves we find on the one hand a group of Indian tribes, with different degrees of culture but all of them adhering to their own civilization—a civilization which Spain, notwithstanding her great efforts, could not thoroughly eradicate; and on the other hand people of Spanish stock, with a Christian or European culture. The so-called Empire of Montezuma was geographically small, perhaps less than one-fifth of present Mexico, and even so it was not homogeneous, but a mere aggregation of tribes without any other connection than the tribute paid in common to the Aztec king. Nothing like the unified Empire of the Incas, with its amazing socialistic organization, was ever attained or even contemplated by the Mexican rulers whose subjects had no conception of any loyalty to a superior tribe and were only kept united by force.

The cruelty of the Indians towards others of the Indian race could only compare with their humility and obedience towards their conquerors. This had an evil influence on the Spaniards. They knew that in all matters not involving the property of the Indian they could command him without being hampered by any resistance. As a result they lost their stamina. They found it so comfortable to have their needs supplied by others, to have others do their work for them, that they yielded and the backbone of Spanish civilization was broken.

The laws of the Spanish colonies, called the Laws of the Indies, are all inspired by the religious obligation of the king to Chris-

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tianize the Indians. On that principle, the method invariably used in preparing those laws was first of all to secure as complete information as possible in reference to matters which would be affected by the law, and then to make the rule the natural consequence of these facts. This excluded the idea of equality most emphatically. Differentiation was necessary to protect the Indians against the aggressive Spaniards and to lead them to a better life. If differentiation were a denial of equality, it was nevertheless an affirmation of common sense and justice, and it explains why New Spain lived in peace and economic prosperity during three centuries, while as soon as that differentiation disappeared theories of equality brought about chaos and ruin.

When Mexico became independent the principle of equality made a general sweep of differentiations, and therefore of the organization laboriously worked out during the Spanish régime for the best interests of a composite society. All our traditions, the treasures of wisdom and experience accumulated by the foresight of our forefathers, were abandoned in favor of the absurdities of the French revolution. The defenders of those traditions were branded with the name of aristocrats and called indolent and ignorant conservatives. The enemies of those traditions called themselves liberals and democrats, thus gaining the sympathy of the politicians of the outside world who, at that time, were exploiting the same prejudices in their own countries.

In Mexico the principle of equality was proclaimed as far back as 1821 as one of the bases of the plan for independence, but no efforts have ever been made to obtain a clean cut definition of the term. It is evident, however, that the term "equality" as applied in Mexico has a very restricted meaning in comparison with the meaning given it in other parts of the world. In Mexico it means that all persons, regardless of learning, preparation or ethics, are equally qualified for governmental positions. It is admitted that a lawyer, a physician, an engineer or a shoemaker needs training; but when it comes to voting for or becoming a President of the Republic or a Minister of Public Education or a Congressman (who may be appointed to a congressional committee charged with considering matters as complex as a customs tariff), a person can depend upon his intuition. In Mexico, where the number of people of Indian mentality is more than double the number with European culture, the unscrupulous orator and the man with the terrorizing sword win the admiration of the masses. In fact

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Mexico, through the working of the principle of equality, seems to demonstrate the soundness of the famous thesis of Faguet, that the basis of democracy is the worship of incompetence.

An attentive observer of Mexican affairs readily perceives that even though Indians seldom attain a high position in the government, they indirectly are the real political rulers of the country, its real lawmakers. In time of peace the Indians, when properly controlled, constitute one of the most valuable industrial elements of Mexico. But as a political element they are directly responsible for that strange type of tyrant so frequently found not only in the history of Mexico but of all Spanish-American countries where the Indians constitute the majority of the population. The Indians cannot understand how a piece of paper cast in an urn can materially improve their situation, and are entirely indifferent to the electoral process. They invariably obey the government in voting for the official candidate. In advance of an election, the President of the Republic circulates instructions to his subordinates throughout the country to use their efforts to have his candidates voted for by the people. The governor of each state follows the same method in local elections.

The effects of this Indian political inertia are, first, the abstention of enlightened patriotic people from entering the political arena, second, the nullification of public opinion in political matters, and third, the absolute irresponsibility of the government.

But if there is no way to persuade the Indians to use their rights in making a free election, it is, on the contrary, very easy to persuade them to take a rifle and follow a leader in his fight for liberty. They see in this an immediate and practical result; they can plunder and indulge in other excesses, show their strength and in general become prominent. Thus both their peaceful and their warlike political activities have produced the result that never during the independent life of Mexico has a group of persons who have once obtained power been superseded by election, but only by dint of an armed rebellion. That is a constant law of our history. The written constitution of Mexico, imitated from that of the United States, provides that the authorities must be periodically renewed by means of elections. But the provision is vain.

We may now see that the rebellions which overthrow the governments of Mexico cannot be called revolutions. A revolu-

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tion is a radical change, and if there is anything that has never been changed in Mexico it is the method of putting new public functionaries into office by rebellion. That method is the law, the necessary fatal consequence of things. If a time ever comes when the people of their own volition use the ballot, then and then only may we properly say that there has been a real revolution in Mexico.

If by democracy is meant the will of the people, and by people is meant that part of the population active in politics, then we must conclude that in a country governed directly or indirectly by the Indian mind, indifferent towards elections and enthusiastic for changes brought about by rebellions, rebellion is the operation of democracy. Lack of periodicity and difference of methods do not alter the substance.

One of the characteristics of primitive mentalities is an inability to understand what we call natural laws. They are more attracted by mystery than by explanation. The stage of our Indians is what Comte called the theological period of development. Their conception of government agrees with their theological stage. They now believe in the power of the President of the Republic as formerly they did in that of Montezuma. Natural laws do not mean anything to them; the decrees of the god-ruler are almighty, possessing the character of a magic spell. Their plans for the solution of the biggest social problems are simple formulas.

After the attainment of independence the people saw that the happiness which had been promised them did not materialize. The politicians thought that, as all evils had come from the rule of the Spaniards, the only thing necessary to complete their happiness was to exile the Spaniards; a decree was accordingly promulgated, expelling them with their money—and their business ability. When the situation still did not improve the politicians found a new recipe, which was to take the property of the Church and with it pay the foreign debt which they had stupidly contracted in England. It is true that the measure was tantamount to confiscation, laying down the principle that property could be taken without compensation. But what of that if, as the politicians, unable to understand natural laws, believed, the welfare of the people so demanded?

The Catholics naturally did not believe in the magic effect of the recipe and opposed the measure. At that date the Mexican

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Catholics had no connection with the American ones. The Liberals were able to enlist the sympathy of the United States, which sent a warship and captured the flotilla of the Conservatives just in time to prevent them from taking Vera Cruz, where Juarez, the head of the Liberals, had taken refuge.

The Conservatives, realizing that they could not overcome the influence of the United States, fell in with the plans of Napoleon III to help Mexico organize a strong monarchist government and act as a buffer state to stop the spread of democratic ideas through America. The sphere of the contest was thus enlarged and the issues changed. It became a struggle between France, seeking to curb the democratic movement in America, and the United States, which has always seen with satisfaction the American countries calling themselves democracies—although it is a misnomer which allows autocracy and tyranny to be the more irresponsible.

Maximilian won the support of the most intelligent and cultured people of Mexico, and as long as the United States was engaged in the Civil War the imperialists had the upper hand in Mexico. But when the Civil War was ended Maximilian realized that the empire was doomed. Juarez then came into power again, the property of the Church remained definitely confiscated, and the principle was established that when the politicians consider that the public welfare so requires property rights may be annulled.

As the Conservatives had foreseen, the foreign debts were not paid with the proceeds but rather increased, the federal budget remained unbalanced, and agriculture, which had utilized the money of the Church at a moderate rate, was deprived of that help.

The practical result of all this was to deepen the gaps which divided the Mexican people among themselves and from their rulers. And religion, which in all intelligently organized countries constitutes a cohesive force and which under the Spanish régime had achieved wonders in the civilization of the natives, turned into the enemy of the state and therefore an element of dissolution.

In 1876 General Diaz overthrew the government of Lerdo de Tejada, who adhered to the intolerant policy of Juarez. The secret of Diaz's success consisted in his ignoring party lines and adhering as far as he could to the Spanish method of solving individual problems with a regard to the facts of the situation,

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as distinguished from the practice of trusting to vague panaceas. But all continued talking democratic precepts and every act was cloaked under the guise of democracy, in order not to offend the United States. It was playing a farce to live in peace.

General Diaz could have continued this method successfully had not agitators, principally after Diaz gave a famous oil concession to an English concern, again gained the public ear. When Diaz left power the old method of changing government by rebellion was resumed. The new recipe of the agitators was as simple as the ones which already ended in failure: to confiscate the land of those who had proved able to organize and maintain agriculture and turn it over to those who had proved unequal to the task.

In this case, however, the property of Americans was involved in the confiscation and the United States Government protested.

The merciless application of the principle of confiscation—taking the land from its owners and giving it to the Indians—has only resulted in Mexico now needing money to buy corn and wheat from the United States to avoid famine.

Let us now view the situation from a different angle.

During the Spanish régime the public finances of Mexico were in a prosperous state never afterward attained. Officials were paid for their services, or they received honors and distinctions which more than compensated them. Public roads were built and maintained at great cost from Mexico City to Vera Cruz, Toluca and Guadalajara, to Santa Fé in New Mexico, and to practically all the important centers of population. The wonderful monuments of colonial architecture, which are the pride of Mexico, were constructed during that time with funds supplied by the government or contributed by philanthropic and wealthy individuals. Missions were founded for the education of the Indians, and schools and universities produced men of European reputation.

After meeting all the expenses involved in these activities, and after supplying the deficit of Louisiana, Florida, Cuba and other colonies, a surplus of about six million dollars was sent yearly to the King of Spain. The King, furthermore, borrowed money from his subjects of New Spain, so that the colony was at that time a creditor country, a situation which has never again been reproduced.

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When independence was achieved, after eleven years of exhausting war, the finances of Mexico were destroyed.

It must be observed that Mexican independence had an entirely different character from that of the United States. The latter was brought about by concrete economic causes. The independence of Mexico was merely the result of Spain's weakness, due to the war with Napoleon, which afforded an opportunity for rebellion to a people upon whom Spain had been trying to impose a novel civilization. The achievement of independence by the United States saw the birth of a new country which was to further European civilization. But Mexican independence produced a nation in which European civilization was destined to fight against great odds.

Economics did not constitute at all a popular study in Mexico, and the few persons who understood the financial problems facing the new republic were utterly disregarded by the politicians. The people were told that the country was wonderfully rich and that if they were poor it was due to the fact that the Spaniards had appropriated all the wealth to themselves. Two loans were contracted in England on disastrous conditions; but no one cared for the details, as it was supposed we could pay interest and amortization with the money formerly stolen every year by the King of Spain. The money thus borrowed vanished into thin air and the government found itself unable to pay its officers and, what was worse, its soldiers. With an empty treasury and not the slightest knowledge of economics on the part of the government, the most ruinous propositions of the usurers were accepted. Certificates of payment of duties worth millions were given in exchange for a few thousand pesos.

Naturally the money so advanced lasted but a brief space, all duties were collected by the lenders, and the only possible solution was to overthrow the government and to secure a new personnel which could disown the debts of their predecessors and collect the duties in cash. But as the duties were paid at the seaports and distant places, and as communications were slow, the usurers were called upon again, new certificates of payment of duties were issued, new penury ensued, and a new revolt was necessary to overthrow the government and substitute one which could pay the officials and the army.

Under these circumstances the overthrowing of the government by revolt was one of the governmental functions performed

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by the people—that is to say, by the politicians. This explains peculiarities of our history which may appear unexplainable to the non-initiated—as, for instance, the action of the President of the Republic in leaving his position to the Vice-President, in order to lead a revolt against the government.

Since in every case it was considered necessary to have a military man issue a manifesto to show the reasons for the revolt, and since that paper never failed to make mention of liberty and democracy, the average Mexican historian considers all these uprisings as struggles for liberty and democracy.

To any fair-minded, common-sense business man what Mexico needed was not more democracy or liberty but a bank to concentrate the revenue and make payments, to attract the monetary reserves of the country and to redistribute them among merchants, agriculturists, miners, etc. Money was constantly being coined in the mints, and constantly leaving the country, so that we may say that money was as plentiful as the poor circulation within the country warranted. It was, then, a question of organization.

We have had men able to organize a factory, a farm or a commercial enterprise, both honestly and skilfully, but unfortunately their activities have so far not been devoted to organizing the monetary reserves of the country. On account of the inability of our rulers to organize those reserves the interest rates have always been higher than in colonial times, and Mexicans have been unable to compete with foreigners, even in Mexico, when the latter are backed by money from their own lands. Our rulers could not understand a banking system which, shifting the economic center from the government, would give persons a value depending upon their productive capacity instead of the value now set upon them by virtue of their merits as revolutionists or politicians.

The only remedy for Mexico's poverty which has appealed to our politicians has been to contract foreign loans, which have never been paid, and to invite foreign capital to invest in Mexico. In order to support their argument as to the wisdom of this course the politicians cite the example of the United States, which first rose to economic power through the help of European capital. They disregard the fact that the population of the United States is made up of immigrants of marked economic ambition, that they have always had banks and supplies of

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money at low rates of interest, and, finally, that they have enjoyed the constant protection of their laws. For these reasons Americans did not have to search abroad for purchasers for their property, as Mexicans have always done, but only for temporary financial assistance.

To invite foreign capital to Mexico without preparation for its proper utilization is, and has been, suicidal. If we continue that policy a day may come in which those who have the rights of citizens will no longer possess any interest in the land of Mexico or its enterprises.

The foreign industrial enterprises established in Mexico never fail to secure a liberal concession from the government in the form of a high protective tariff, with the result that the Mexican people pay for their products three times as much as they would were those commodities imported—and all for the benefit of shareholders in Paris, Berlin, London and New York.

Our railways were built by foreigners, thanks to liberal subsidies from the government which greatly increased our national debt. As I have said, these railways were planned to serve foreign interests: to import foreign merchandise to large cities and export the ores of foreign-owned mines. Sections with great agricultural possibilities remained isolated if they did not happen to be on mining or importing routes. Thus at the same time that the people were invited to buy foreign products they were prevented from paying for them in kind.

The effect of our railway policy can be seen by taking a glance at the table of our foreign trade before the Mexican revolution. As exports considerably exceeded imports we may think that Mexico was a creditor country. Why, then, was foreign exchange against Mexico? The reason was that the chief item of export was made up of minerals, which went abroad to pay not for Mexican imports but only as dividends on shares or interest on bonds of foreign mining corporations.

When, owing to extravagance or mistakes in administration, one of the large railway companies became nearly bankrupt, our government, afraid that such a failure would discourage foreign capital, made an arrangement by which it and other railway companies were merged into one, called the National Railways of Mexico. It was provided that the government should have a nominal control of the lines by the exercise of a voting power on certain shares in shareholders' meetings, but should receive no

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profits except in a very remote contingency. In consideration for this nominal control the government gave an unconditional guarantee of the bonds to be issued. This guarantee has of late been extended to all the obligations of the company so that it does not need to be particularly diligent and economical in its management and one day or another the Mexican people must pay the bill. As the whole success of the scheme depended on the sale of bonds in foreign markets the syndicate representing the bondholders in New York had the real control. Since the merger all competition has ceased and nearly all movements for agricultural lines have stopped.

The most serious ailment of Mexico, which has impoverished her during more than a century, is the excess of importations over *Mexican* exportations. Perhaps it is better to say that that is an alarming symptom of an internal disease which our statesmen have never tried to diagnose and cure. Quite the contrary, the custom house dues being the main source of revenue, they are anxious to see importations increase and they consider any increase a sign of national prosperity. This false reasoning is responsible for one of the gravest and most injurious mistakes ever made in the economic history of Mexico. I refer to the reform of the monetary system.

When the value of silver began to decrease, provident governments in other countries very wisely took measures to stop the minting of silver coins. The Mexican Government did not show any interest in the matter for more than twenty years, during which time foreign miners freely brought their silver bullion to the mints to have it coined; and with the money thus obtained they bought up all the gold coins in Mexico and exported them, with profit to themselves and loss to Mexico.

Owing to the peaceful condition of the country, there was a considerable increase in the population, but the growth of industry did not keep pace with it, so that there was always a greater supply than demand of labor; this, together with the depreciation of our silver coins, brought it about that while the wages paid our salaried classes were equal in denomination to those paid in colonial times they had less than half the purchasing power.

Under these circumstances the only solution of the monetary problem was, in Mexico as it had been in other countries, to rehabilitate the value of the silver coins by stopping silver

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coinage. This, however, would have been a gradual process, of a type that never appeals to our government.

As the sign of the depreciation of our peso was the foreign exchange it was supposed that the whole problem was a problem of exchange. Furthermore, the fluctuations of our money in foreign markets were responsible for the fact that foreign capital did not come to Mexico, as our so-called economists desired; moreover, the decline of the peso meant diminished importations. All this suggested to the Minister of Finance a magic remedy.

By a decree of 1905 the value of our silver peso was reduced from one hundred cents gold to fifty and the government guaranteed the exchange in foreign markets by creating a committee charged with the selling of drafts at that rate. This was a mere banking trick by means of which Mexican taxpayers were to help the importers of foreign goods. In twenty-four hours it revolutionized our traditional monetary system and it was lauded in political circles as evidence of the wonderful talents of the Minister of Finance. But the needs of the salaried classes were entirely ignored and the more ambitious of the workers began to emigrate to the United States, thus depriving the country of one of her most valuable assets.

That year the revenue derived from custom duties on importations was so great that for the first time since the independence of Mexico the federal budget was balanced without having recourse to foreign loans. Since 1895 the Minister of Finance had annually announced to the Congress that the budget was balanced, but it had invariably been camouflage. He had arbitrarily divided expenses into two classes: regular and extraordinary expenses. All that could be paid with the revenue came in the first class, and in order to pay the other without showing a deficit he secured an authorization from Congress to issue bonds of a so-called internal debt apart from the budget authorizations. He even succeeded in that way in showing a favorable balance and talked of reserves in the treasury. This misled the Mexican people as well as foreign investors.

Also, as contractors of public works were paid in bonds of the so-called internal debt, these were sold indiscriminately and much depreciated. Contractors took that depreciation into account in their estimates, and the burden on the taxpayers was in that way made heavier. They were paying for the prestige of the minister and for the benefit of the foreign investor.

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General Diaz was not an economist. He relied on his Minister of Finance for the economic part of his task. The latter showed honesty and executive ability in the management of his department, but utter unpreparedness for the peculiar economic problems of Mexico.

The biggest of all Diaz's problems was that of banking. The formation of a Mexican nation, in a modern economic sense, depends on banking. A banking system should create interdependence and promote cooperation among all those who are able to produce goods or render services all over the country; it should be the expression of the faith of the people in the future and the prosperity of their country and in the honesty of their government; it should facilitate the direct interchange of services between persons residing in different regions, thus accelerating circulation, reducing the rate of interest and making possible the enormous expenditures required for the full utilization of our natural resources.

About 1880 there was a move toward establishing banks in Mexico. All of them issued bank notes, but with no uniform plan. The government, with a view to concentrating the power of issuing bank notes in a single institution, in 1884 compelled the two most important banks to merge under the name of Banco Nacional de Mexico, and entered into a contract with this bank for the concentration and redistribution of government funds, for serving the government in connection with the foreign debt, and for opening a credit for it. The government, in turn, bound itself not to accept notes of the various state banks in payment of taxes.

But public opinion, misled by the press, condemned this sound policy of concentration, and when General Diaz came into power again the Banco Nacional was persuaded to modify its contract, leaving the government at liberty to enact the banking law of 1897. By this law the privilege of issuing bank notes was divided between the Banco Nacional, the Banco de Londres and such groups of individuals as should establish the first bank in each individual state. All these banks were given power to issue bank notes to the amount of three times their paid-in capital, with some limitations, and instead of allowing rediscount or any other form of cooperation the law prohibited the state banks from maintaining an office outside their own districts, even to cash their notes.

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The banks, therefore, issued as many bank notes as the people could absorb, and lent the money so obtained to such persons as happened to be known to them. The people in general were left a prey to usurers charging 24 per cent or more. Deposits were not solicited, sometimes rejected, and very seldom offered. Nor were payments often made through banks, as, according to the Mexican law, checks are not endorsable. The banks, then, did not assist in organizing the monetary reserves of the country, but rather were agencies of economic disintegration. They were nothing but pawnshops.

After wrecking the old banks, which after all had won the confidence of the people, men are talking now in Mexico of establishing a single large bank with power to issue bank notes; they talk of getting money from the bankers of New York or Paris or elsewhere; and nobody seems to notice that in the meantime the money of Mexicans is rushing from the country looking for safety in foreign banks. Yet it is upon just this money that a really national institution should be based, one which should be safe-guarded and organized for national cooperation. To complete that organization requires honesty, science, labor and gradual evolution. But the Indian mentality understands nothing but immediate magic remedies which can only be practiced by bringing in foreign capital.

If now we look back to that little border town where Mexico and the United States are only separated by a street we may understand why, notwithstanding the similarity of climate, race, religion, and language, we see on one side of the street pitiful poverty, discouragement and laziness, while on the other everything betokens prosperity, optimism and activity. It is not because the people on the Mexican side would not like to have their homes beautiful, their streets well paved, their public buildings lofty and dignified, but because they live as did people in Europe before the creation of modern banking institutions. The money of each individual is kept secreted in his own house. Each thinks of his fellow citizens as economic rivals, without any conception of cooperation in the realm of business. Public works of irrigation, sanitation and transportation call for workers, but there is no way of changing their labor for other values through the medium of banks; all must be done in exchange for cash, and for cash we need to call on foreign investors who cannot have any genuine Mexican aims.

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Some might say that the remedy is to increase the number of schools and to enforce the principle of compulsory education. But that suggestion is shallow. Under the geographic and other conditions in which Mexico's population lives, more capital would be required for universal education than the country could afford. We would not even have enough to maintain the police force necessary to compel the Indian children to attend school in their scattered settlements. Besides, an increase in education creates greater ambition, and if the means are not supplied to satisfy that ambition then the natural result will be unrest. On the other hand, an economic betterment brings about a desire for education and a better use of ambition. That was the mistake of General Diaz; during his time the most scientific methods of education were tried, while the economic institutions were in a state of empiricism.

We are paying very highly for that mistake; to correct it will require a great deal of intelligence and devotion. Democracy, as it has been practiced in Mexico for a century, is utterly unable to produce the type of men required for the task. I do not think that government by the majority can be productive of good results in Mexico. Democracy, as it has been understood with us, is the government of a single class—the class of professional politicians, that is to say the class of persons who never have been able to *do* anything, who as professional or business or agricultural men have been a complete failure. How can men of that character be expected to solve the most complicated varieties of business affecting the welfare of the whole country?

If, according to our conviction, democracy does not suit Mexico, let us have the courage to say so and let us plan how to secure honesty and culture in our national life. Let us part with the principle of equality, which has made Mexico a fool's paradise, and let us confess that the old Spanish system of differentiation and cooperation, each one helping in his own capacity and profession, is right, as it is in accordance with the scientific law of the subdivision of labor.

The treasures of Mexico are great, but not within the reach of every one. The only key to them is that of economics—a science which requires a detailed knowledge of facts and which so far has been overlooked by our rulers, all of whom, save perhaps General Diaz, have thought that science and government are two incompatible things.

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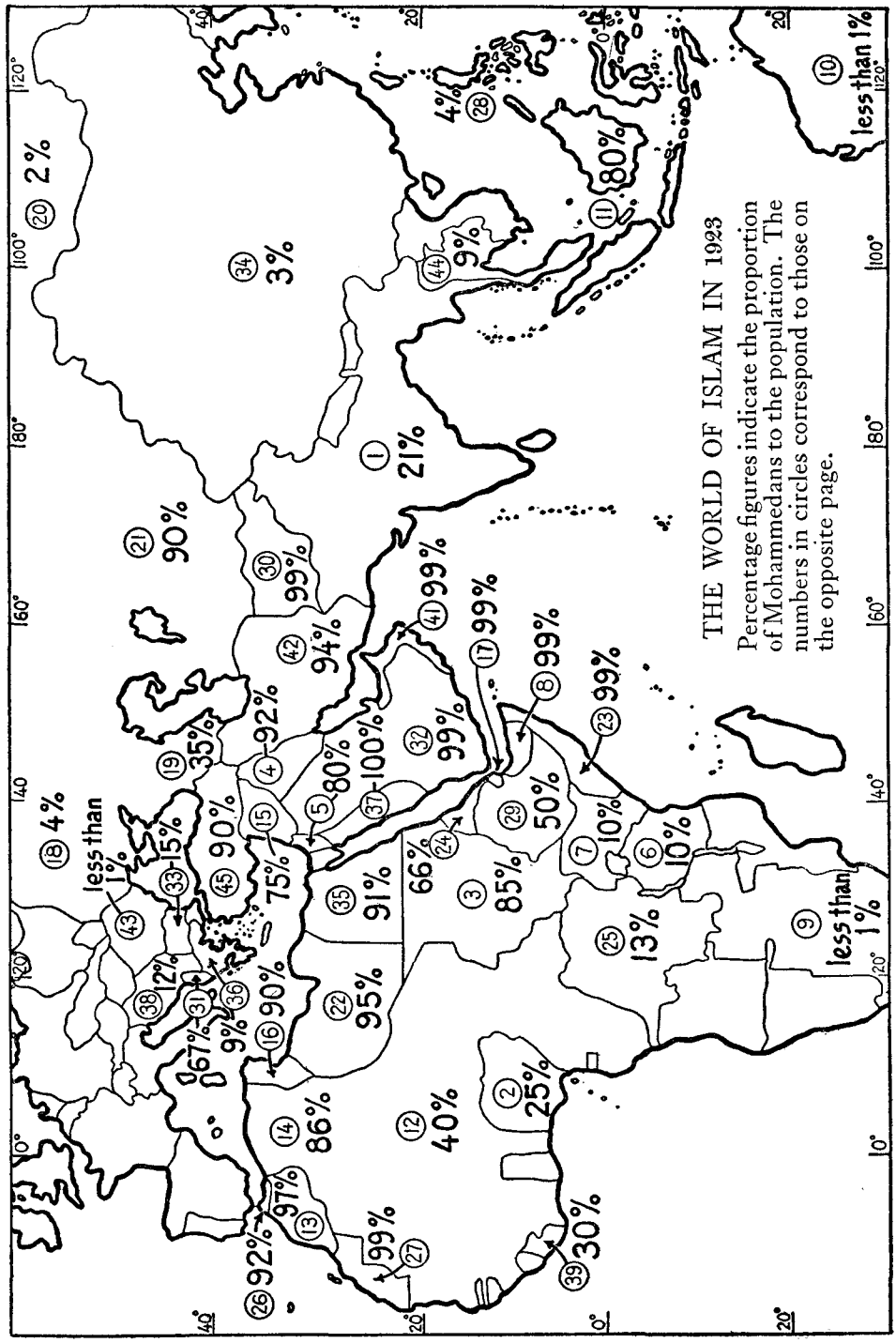

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THE WORLD OF ISLAM IN 1923

By Lawrence Martin

The map on the opposite page indicates the general distribution of Mohammedans throughout the world. It is obvious that many of the figures have to be only the roughest estimates.

	Mohammedans	*Percentage of Total Population*
BRITISH EMPIRE AND MANDATES		
1. India	66,650,000	21
2. Nigeria	4,000,000	25
3. Anglo-Egyptian Sudan	3,000,000	85
4. Irak and Southern Kurdistan	2,640,000	92
5. Palestine	600,000	80
6. Tanganyika	500,000	10
7. Kenya and Uganda	500,000	10
8. British Somaliland	300,000	99
9. Union of South Africa	50,000	Less than 1%
10. Australia	25,000	Less than 1%
	78,265,000	
THE NETHERLANDS		
11. Dutch East Indies	40,000,000	80
FRANCE AND MANDATES		
12. French West and Central Africa	12,000,000	40
13. Morocco (French zone)	5,200,000	97
14. Algeria	5,000,000	86
15. Syria	2,000,000	75
16. Tunis	1,900,000	90
17. French Somaliland	60,000	99
	26,160,000	
RUSSIA		
18. European	4,500,000	4
19. Caucasus	4,000,000	35
20. Siberia	200,000	2
21. Central Asia	9,000,000	90
	17,700,000	
ITALY		
22. Libya	950,000	95
23. Italian Somaliland	650,000	99
24. Eritrea	250,000	66
	1,850,000	
BELGIUM		
25. Belgian Congo	1,500,000	13
SPAIN		
26. Morocco (Spanish zone and Tangier)	600,000	92
27. Rio de Oro	100,000	99
	700,000	
UNITED STATES OF AMERICA		
28. Philippine Islands	450,000	
MISCELLANEOUS		
29. Abyssinia	4,000,000	50
30. Afghanistan	6,400,000	99
31. Albania	550,000	67
32. Arabia	2,500,000	99
33. Bulgaria	750,000	15
34. China	15,000,000	3
35. Egypt	12,000,000	91
36. Greece	475,000	9
37. The Hedjaz	900,000	100
38. Jugoslavia	1,400,000	12
39. Liberia	600,000	30
40. North and South America	100,000	Less than 1%
41. Oman	500,000	99
42. Persia	9,350,000	94
43. Rumania	150,000	Less than 1%
44. Siam	700,000	9
45. Turkey	8,000,000	90
TOTAL NUMBER OF MOHAMMEDANS	230,000,000	

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THE NEW RUSSIAN ECONOMIC POLICY

By Arthur Bullard

RECENT ECONOMIC DEVELOPMENTS IN RUSSIA. By K. Leites. Oxford: Oxford University Press, 1922.

THE INDUSTRIAL REVIVAL IN SOVIET RUSSIA. By A. A. Heller. New York: Thomas Seltzer, 1922.

THE BALANCE SHEET OF SOVIETISM. By Boris Lee Brasol. New York: Duffield & Company, 1922.

CROSS CURRENTS IN EUROPE TODAY. By Charles A. Beard. Boston: Marshall Jones Company, 1922.

RUSSLAND UND DEUTSCHLAND DURCH NOT ZUR EINIGUNG (Germany and Russia—Union Through Necessity). By Johann Kolshorn. Leipzig: 1922.

EVENTS move faster than editions. Almost every book about Russia is out of date before it is off the press. Even using the word "recent" in the title, as Mr. Leites does in his book "Recent Economic Developments in Russia," does not save the situation, for the most "recent" essay in his collection is called "Economic Life in Soviet Russia in 1920." "The Industrial Revival in Soviet Russia," by Heller, comes somewhat nearer actuality, but Mr. Heller is an apologist rather than an economic student. Some of his statements are sufficiently startling to rouse a wholesome skepticism. He has obviously looked for the best that could be said about conditions in Russia and has said them with an emphasis that obliterates perspective. An antidote—not mildly homeopathic, but strenuously allopathic—is Boris Brasol's "The Balance Sheet of Sovietism." It is so very vehement in its rage against the revolution that it is hardly worth reading, unless one wishes to understand the viewpoint of the worst of the old aristocracy and wishes to gain some appreciation of the intensity of the hatred which has overwhelmed them. Of altogether greater value for an understanding of the Russian drama are the chapters on Russia in Charles A. Beard's "Cross Currents in Europe Today." There is no up to the minute news nor personal reminiscence in these lectures of Dr. Beard's, but they are remarkable summaries of the available evidence in regard to present tendencies.

Comparing the French and the Russian revolutions, Dr. Beard writes: "Though in the days of the Terror the Paris proletariat made itself felt in the councils of the state, the final outcome was

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a triumph for the bourgeoisie, a class with experience in the management of property and the direction of affairs, if not skilled in the arts of government. In Russia, on the other hand, the power of the state passed into the control of a laboring class that had not the slightest familiarity, through practice, with the exigencies of government."

Later on, with some apologies for prophecy "in this rapidly changing world," he writes: "It appears fairly safe to guess that, in the absence of another violent overturn in Russia, two great economic results will flow from the revolution. Russia will become a huge peasant democracy assimilated in type to the democracies of Rumania, Bulgaria, and Jugoslavia. . . . . Petty industries will flourish under private initiative and the large industries, railways, and natural resources will be exploited by concessionnaires under state supervision."

The soundness of Dr. Beard's "guesses" is amply borne out by the current reports from Russia. The two tendencies, which he described in June of last year, are developing steadily. While he is on sure ground in insisting that these phenomena—small holdings in agriculture and individual initiative in industry—are contrary to the pure theory of communism, there is room for doubt as to whether "state capitalism" is an adequate phrase to describe the politico-economic system that "will take the place of communism." The French Revolution never achieved an integral realization of its famous slogan "Liberty, Equality, Fraternity," yet the system which resulted from that great upheaval could not be described as a return to a qualified feudalism. It could not be described by any regrouping of old terms. Out of all that travail something new was born.

Before we can reach any satisfying definition of the new régime in Russia there must be much patient, scientific work in getting at the facts and in coordinating them. It is rather remarkable that we have as yet no book in English, which gives a comprehensive account of the working of "The New Economic Policy" in Russia. There, this phrase has become so common that they have abbreviated it into its initials. They have even coined such new words as "nepman," to describe the type of men who have developed under the NEP—the New Economic Policy.

The seeker after information in regard to the current developments in Russia, if he is not able to read the Russian periodicals in the original, finds the closest and most scholarly observation of

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Russian economic life in some of the German publications. This is not surprising, as before the war Germany's commercial relations with Russia were much closer than those of France, England or America. Russian was commonly taught in the German commercial schools and there was a very much larger number of Germans "who knew their Russia" than of any other nationality. Since the war there is a new magnet drawing Germany's attention eastward. It is only in countries whose currency is more depreciated than her own that her people can afford to buy food and raw material. Quite aside from the political significance of the Treaty of Rapallo, it is a life and death matter for Germany to understand Russia, and several German periodicals like *Der Weg zum Osten* and *Osteuropäische Wirtschafts Zeitung* devote themselves almost exclusively to reporting and analyzing the facts of Russian economic development.

As nearly as can be determined from material now available (which usually comes to light in newspapers and current magazines rather than in books, in foreign languages rather than in English), this New Economic Policy is not "a return to capitalism." It is merely a reluctant admission that the incentive offered to labor must vary with the work required and that the work which a modern industrial state demands of its citizens is not equal.

The men who found themselves in control of the government after the Bolshevik revolution of November, 1917, were strangely unacquainted with the processes of economic life. Mr. Hoover in his recent book, "American Individualism," points out that a large proportion of the present executives of the United States are what we call "self-made men"—men who, starting out in life in the lower economic strata, have worked their way up to the top. There were none of this type in the Council of the People's Commissars. Their knowledge, such as it was, of the processes of industry—the growing or mining of raw materials, the assemblage of such materials in factories where they would find waiting raw materials from the other ends of the earth, the training of labor teams to transmute by their handiwork these varied raw materials, the organization of salesmanship, the delivery to the ultimate consumer, the balancing of the sales-price with the varying production costs and the distribution of the net profit—they had learned only from books.

Learning from books rather than from experience, they thought of the whole process as automatic. Men and women followed the

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trade to which they had been called under some inherent urge. It seemed to them a matter of economic determinism that a capitalist would go on being a capitalist, that a scientist would continue his research, that an artist would continue the creation of beauty, in spite of revolutions, political or industrial. It was foreordained, in their theory, that the workmen would assemble at the factory door in the morning, that the peasant would rise before the dawn to prepare for a harvest many months hence, without any thought of what would be in the pay envelope or who would "own" the eventual harvest. They seem to have given surprisingly little thought to the problem of why the laborer toils, why the capitalist organizes or why the peasant plants.

When the new rulers of Russia found that habits of industry were not so automatic in life as they had appeared in theory, that the necessary steps in the process were not fatalistic, they were at first surprised, then infuriated. The gradual stoppage of industry, which they could not fail to notice, they attributed to "sabotage," and this word, which before their conquest of power had been used to describe what they considered a legitimate weapon in the war of the classes, they now used as though it described a peculiarly heinous treason. While the French Revolution had made a great deal of the crimes of "Counter-Revolution" and "Speculation," the Bolshevik added "Sabotage" to this trinity of reactionary vices. The full title of the famous Cheka was "The Commission for Combatting Counter-Revolution, Speculation and Sabotage." Anyone who ceased to perform the social function which had been his calling before the revolution was guilty of sabotage. The factory owner who closed down his plant because he could not make a profit under the new régime; the person who refused to deposit money in the nationalized banks because the new edicts forbade him to withdraw more than 500 roubles per week; the employee of commerce who, unable to meet the rising cost of living on his accustomed pay, deserted his post for more profitable labor—all were guilty of sabotage. The workers who struck because of intolerable conditions in a collapsing industry were unforgivable traitors. The peasant who refused to plant more than he needed for his own use, because of uncertainty as to who would control the crop, was quite obviously inspired by bourgeois intrigue.

The vast collections of edicts intended to overcome the menace of sabotage furnish an amazing record of the naïveté of Bolsheviks

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in this matter. The *Pravda* and *Izvestia* of the first years of Soviet rule are full of indignant, puzzled discussion of the problem. The effort to substitute food cards for monetary pay resulted in a breakdown of "labor morale," but still through the first few years the communist leaders fought doggedly against recognition of the fact—so contrary to their theory—that the man on the fields, in the mines, or in a counting house will not work without what seems to him adequate incentive, that labor, unlike virtue, is not its own reward.

Apparently the first acceptance by the communists of the necessity of making some exception to their theoretic rule was in the case of Chaliapin. The increase of cultural opportunity for the proletariat was a vital part of their program. It was possible for them to impose many equalitarian rules in regard to the opera. They could, for instance, sell all seats for the same price, but they could not make Chaliapin sing on the basis of an equalitarian payroll. The Soviet papers of the first six months contained much discussion of this unique and rather amusing struggle. Chaliapin was a popular favorite, they needed him. In spite of appeals to his "good nature," in spite of public reprimand and the threats of the Cheka, he held them up shamelessly. As currency depreciated, he increased his price. This was the first official surrender to capitalistic ethics and the Soviet papers raged at the idea that a mere opera singer should receive so much more remuneration than the People's Commissars.

This was, if not the very first opening wedge, at least the first one which was publicly discussed. Krassin, who more than any of his colleagues had real experience in industrial relations, finally succeeded in getting this policy of high pay for technical talent accepted by a general convention of the Communist Party. Already in some vitally important industries, such as munition works, piece-work pay had been substituted for a flat wage. So it is clear that the New Economic Policy is not a sudden switch.

The more dogmatic among the communists have always opposed this tendency and have accused Krassin and his friends of being tainted with bourgeois prejudices. But many things played strongly into the hands of the compromisers. First, was the complete failure of pure communist economics among the peasantry; and second, the dismal failure of Trotzky's "Labor Army." Since the abolition of slavery hardly anyone has believed in the practicability of forced labor. The Soviets with their

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large control of food, in a time of great food shortage, and with all the elaborate machinery of the "Terror," had much greater prospects of success at this experiment than could ever be the case in normal times and under normal conditions. But in spite of these advantages the attempt to conscript labor failed.

There was another development strengthening the position of the unorthodox among the communists. Not only in the field of production but also in distribution the theory was not working satisfactorily. In the summer of 1920 the Soviet newspapers of Moscow discussed at length the extent of illicit private trading. The amount of food being distributed in the Soviet capital on food cards, according to the communist theory, was approximately one-tenth of the amount required to keep the population alive. So something like nine-tenths of the trade in food in Moscow was illegal. This "speculation" was tolerated in practice, although still a major crime theoretically, because the communists could not organize an adequate distribution.

This fact was perhaps the strongest single argument of those who were, like Lenin, willing to admit errors and who advocated making "legal" the things which had proved themselves inevitable. The ratification by the Communist Party of the New Economic Policy was a victory of those willing to face reality.

The New Economic Policy cannot be adequately described as a "return to capitalism." There is very little similarity between the industrial structure of Britain at the time when Karl Marx wrote his major work, when "Individualism" was as rampant as the unicorn on the coat of arms and democracy had hardly been born, and that of Britain today with its universal suffrage, elaborate factory legislation, unemployment doles and powerful Labor Party. The New Economic Policy represents the triumph in the councils of Russian communism of the realist over the theoretician. The effort to abolish money has been given a complete trial and has failed. It has been demonstrated—a demonstration which has been very reluctantly admitted by some of the communists—that the value of different services to the community varies greatly, that not only is the workman worthy of his hire, but specially valuable work requires greater incentive.

It is idle to speculate on where this New Economic Policy will lead. It seems, for instance, to have had as yet almost no influence on the political structure of the Soviets. The control of the small communist party seems quite as complete as ever.

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The *Living Age* of January 13 contains the translation of an interesting article from the *Eko* of Kovno, of November 15, which describes vividly the Stock Exchange of Moscow as it operates under the New Economic Policy. Gradually the features of pure communism which experience proves to be unworkable are being dropped off. The announcement of the New Economic Policy is simply a tardy acknowledgment of a conclusion reluctantly arrived at. People were speculating in commodities in Moscow in back alleys before the inauguration of this N. E. P. permitted them once more to use the old Stock Exchange. We may expect from time to time newer economic policies, each in effect the formal proclamation that certain things formerly condemned are now legal. The end results, while undoubtedly quite different from the pure theory of communism, so widely advertised from Moscow in the early days of the Soviet régime, will in all probability be quite different from what we are accustomed to call capitalism.

The old *laissez faire* individualism of the Manchester School has suffered many a sea change. It inspired miracles of mechanical ingenuity, it increased vastly the volume of production, but its by-products in human misery were too intolerable, the plutocracy it developed was too arrogant and ruthless. Democracy has forced one concession after another from the pure theory of individualism. One modification after another, at first denounced as socialistic and "confiscatory," has been accepted by our American capitalism. One hundred per cent individualists formerly viewed with alarm the agitation for free public schools. They said it would pauperize the poor. The parcel post is a more recent development in which the idea of Public Service, after a long and bitter fight, has triumphed over that of Private Profit.

In the same ways, but in the opposite direction, evolution proceeds in Russia. The necessities of Public Service force modifications of the accepted doctrine. Our American individualist who advocates getting the government out of business does not think that a smooth concrete road, built with federal aid, nor State Universities, nor a Railroad Labor Board, nor the Interstate Commerce Commission, nor the Panama Canal are abject surrenders to socialism. And so in all probability Lenin, Krassin and their friends laugh heartily when they hear their New Economic Policy described as a surrender to capitalism.

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SOME RECENT BOOKS ON INTERNATIONAL AFFAIRS

By Harry Elmer Barnes

General International Relations

A GUIDE TO DIPLOMATIC PRACTICE. By Sir Ernest Satow. London: Longmans, 1922, two volumes, 419, 438 pp.

A reprinting, with some revision, of the standard manual in English on this subject.

INTERNATIONAL SOCIETY: ITS NATURE AND INTERESTS. By Philip Marshall Brown. New York: Macmillan, 1923. 170 pp.

An analytical study of nations, their interests and relations.

DIE AUSWÄRTIGE POLITIK DER GROSSMÄCHTE IN DER NEUZEIT. By Wolfang Windelband. Berlin: Deutsche Verlagsanstalt, 1922, 422 pp.

A general survey of European foreign policy and international relations since 1500, devoting ample space to the antecedents of the World War.

A HISTORY OF EUROPEAN DIPLOMACY, 1815–1914. By R. B. Mowat. New York: Longmans, 1922, 308 pp.

An excellent if conventional survey, based on original sources and unpublished archival material. A scholarly and substantial work.

THE FOUNDATIONS OF IMPERIALIST POLICY. By M. Pavlovitch. London: Labor Publishing Company, 1922, 159 pp.

The motives of modern imperialism as viewed by a Russian communist.

WESTERN RACES AND THE WORLD. By F. S. Marvin (Ed.). Oxford: Oxford University Press, 1922, 264 pp.

This continuation of the "Unity Series" contains a collection of valuable papers by eminent scholars on the interaction of European and non-European civilizations.

RECENT PROBLEMS IN ADMIRALTY JURISDICTION. By E. T. Fell. Baltimore: Johns Hopkins University Press, 1922, 136 pp.

An excellent technical review of the subject.

MONEY AND FOREIGN EXCHANGE AFTER 1914. By G. Cassel. New York: Macmillan, 1922, 287 pp.

A technical summary, dealing especially with the problem of inflation and deflation.

DIE NACHRICHT IM WELTVERKEHR. By W. Schwedler. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1922, 133 pp.

An interesting account of the international news apparatus with an appeal for a higher type of service free from propaganda.

COLONIAL TARIFF POLICIES. Compiled for the United States Tariff Commission. Washington: Government Printing Office, 1922, 869 pp.

A detailed and comprehensive survey of the tariff policies of the world powers with respect to their colonial domains. A reliable compilation prepared by experts.

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Foreign Relations of the United States

LIFE AND LETTERS OF WALTER H. PAGE. By B. J. Hendrick. New York: Doubleday, 1922, two volumes, 436, 437 pp.

An important contribution to the first-hand history of the war.

DANISH-AMERICAN DIPLOMACY, 1776–1920. By S. J. M. P. Fogdall. Iowa City: University of Iowa Press, 1922, 171 pp.

The first scholarly review of this subject available in the English language.

AMERICANISM, A WORLD MENACE. By W. T. Colyer. London: Labor Publishing Company, 1922, 178 pp.

A severe indictment of American chauvinism and present political and economic systems in the United States. It should be read by "Hundred Percenters."

UNDER FOUR ADMINISTRATIONS. By Oscar Straus. Boston: Houghton Mifflin, 1922, 456 pp.

The interesting memoirs of a public-spirited American, containing much valuable material on the political and diplomatic problems of Eastern Europe and Turkey.

À L'AMBASSADE DE WASHINGTON. OCTOBRE, 1917–AVRIL, 1919. LES HEURES DÉCISIVES DE L'INTERVENTION AMÉRICAINE. By R. de Villeneuve. Paris: Bossard, 1921, 287 pp.

Some sidelights on America's participation in the World War, particularly as regards Russia and the Far East.

Europe

BIBLIOGRAPHIC SURVEY OF CONTEMPORARY SOURCES FOR THE ECONOMIC AND SOCIAL HISTORY OF THE WAR. By M. E. Bulkley. Oxford: Clarendon Press, 1922, 648 pp.

A valuable guide to British sources for British events and conditions.

WOODROW WILSON AND THE WORLD SETTLEMENT. By Ray Stannard Baker. New York: Doubleday, 1922, three volumes, 432, 561, 508 pp.

The most complete account of the peace negotiations yet published in any language. While sympathetic with Mr. Wilson's policies, the work is primarily expository. The manuscript and the *New York Times* articles have been edited by technically equipped scholars prior to reprinting in this edition. The third volume contains a very complete collection of documentary material.

THE NEW CONSTITUTIONS OF EUROPE. By H. L. McBain and Lindsay Rogers. New York: Doubleday, 1922, 612 pp.

A timely work which includes the texts of the new constitutions and a brief analysis of the political principles and innovations involved.

AFTER THE PEACE. By H. N. Brailsford. New York: Seltzer, 1922, 158 pp.

Capitalistic imperialism is here arraigned by a leading English radical, who urges the adoption of thoroughgoing economic internationalism.

THE DECADENCE OF EUROPE. By F. Nitti. London: Fisher Unwin, 1923.

An angry indictment of present-day European politicians and all their works.

WHITHER FRANCE? WHITHER EUROPE? By Joseph Caillaux. Translated by Helen Byrne Armstrong. New York: Knopf, 1923, 186 pp.

The former French Premier tries to answer the question: "How are we to adjust the political institutions founded by our fathers to the economic forces which have become our chaotic, all-powerful rulers?"

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OLD EUROPE'S SUICIDE. By C. B. Thomson. New York: Seltzer, 1922, 192 pp.

A well written work on secret diplomacy and the Paris settlement. The author predicts a general uprising against Europe's present régime, which he considers reactionary and reprehensible.

WESTERN EUROPE AND THE UNITED STATES. By E. M. Patterson. Philadelphia: Annals of the American Academy of Political and Social Science, Nov., 1922, 186 pp.

A valuable survey of current conditions in the chief European states, to which is appended a series of special articles by foreign experts.

OPPRESSED PEOPLES AND THE LEAGUE OF NATIONS. By Noel Buxton and T. P. Conwil-Evans. London: Dent, 230 pp.

The authors survey the progress of national emancipation and advocate the extension of the mandatory system.

RECENT REVELATIONS ON EUROPEAN DIPLOMACY. By G. P. Gooch. London: British Institute of International Affairs, 1923, 30 pp.

A résumé of the testimony of diplomats and soldiers regarding the causes of the war.

ENGLAND AFTER WAR. By C. F. G. Masterman. London: Hodder and Stoughton, 1922, 215 pp.

A trenchant attempt to estimate the effect of the war on English society and culture.

BRITISH AND CONTINENTAL LABOR POLICY. By B. G. de Montgomery. London: Kegan Paul, 1922, 575 pp.

A thorough survey of present conditions and tendencies in Great Britain, France and the Scandinavian States, with particular emphasis on labor legislation.

SIR DOUGLAS HAIG'S COMMAND, 1915–1918. By A. B. Dewar and J. H. Boraston. London: Constable, 1922, two volumes, 414, 375 pp.

A detailed appreciation which may profitably be compared with Gen. Bliss' article in *Foreign Affairs* for December and with an article by Major Gen. Sir George Aston in the forthcoming *Quarterly Review* (London).

MODERN FRANCE. By A. Tilley. Cambridge: Cambridge University Press, 1922, 850 pp.

A voluminous and authoritative cooperative work describing diverse phases of the evolution of French culture since 1500.

FRANCE FACING GERMANY. By Georges Clemenceau. New York: E. P. Dutton, 1922, 200 pp.

A collection of important speeches from the time of the Morocco crisis to the World War.

FRENCH PARTIES AND POLITICS. By R. H. Soltau. London: Milford, 1922, 80 pp.

A brief but excellent and up-to-date summary.

LA GUERRE DE 1914. COMMENT ON MOBILISA LES CONSCIENCES. By G. Demartial. Paris: Editions des Cahiers Internationaux, 1922, 325 pp.

A frank analysis of war-time propaganda and censorship in France.

BISMARCK'S DIPLOMACY AT ITS ZENITH. By J. V. Fuller. Cambridge: Harvard University Press, 1922, 380 pp.

A scholarly work based on the latest documents published by the German Foreign Office.

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MEMOIRS OF WILHELM II, EMPEROR OF GERMANY, 1888–1918. New York: Harper, 1922, 366 pp.

A labored apology and defense, but not as weak as is usually stated in the conventional reviews of the world.

THE NEW GERMAN CONSTITUTION. By René Brunet. New York: Knopf, 1922, 339 pp.

A valuable work. Much the best commentary and exposition which has yet appeared.

L'ALLEMAGNE. LENDEMAINS DE GUERRE ET DE RÉVOLUTION. By M. Baumont and M. Berthelot. Paris: Colin, 1922, 292 pp.

A keen and relatively impartial analysis of German developments since 1918 by two French observers. Perhaps the best work which has appeared in French on contemporary Germany.

LA MYSTIFICATION DES PEUPLES ALLIÉS—POURQUOI?—COMMENT?—PAR QUI? By André Chéradame. Évreux: Hérissey, 1922, 440 pp.

A reappearance of the well-known obsession of the author of "Pan-Germanism Unmasked." He ascribes the decline of the Entente since the war to the German lust for world dominion.

LE PANGERMANISME. By H. Loiseau. Paris: Payot, 1921, 170 pp.

A history and analysis of Pan-Germanism, ending in a warning that it still survives and still menaces France.

DER AUFMARSCH IM OSTEN. By Werner Daya. Dachau: 1922.

The author describes Asiatic Russia as the peace and industrial goal of Germany.

DIE KRISIS: DIE GRUNDLINIEN DER DIPLOMATISCHEN VERHANDLUNGEN BEI KRIEGSAUSBRUCH. By B. W. von Bülow. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1922, third enlarged edition, 237 pp.

A new edition bolstering up previous opinions opposed to those of Kautsky in regard to the diplomatic origins of the war.

DOKUMENTE. By Graf Brockdorff-Rantzau. Berlin: Deutsche Verlagsgesellschaft für Politik und Geschichte, 1922, 2nd ed. Preface by Hans Delbrück. 278 pp.

Documents of the German peace envoy (1918–1921) revealing, according to Delbrück, a new German policy—"ein Zukunftsprogramm"—based on the consolidation of German democracy and cooperation with the small nations.

DER POLITISCHE NACHLASS DES GRAFEN EDUARD TAAFFE. By A. Skedl. Vienna: Rikola, 1922, 788 pp.

A voluminous compilation of the correspondence and public papers of one of the most distinguished Austro-Hungarian statesmen of the last half-century.

LA GUERRE EN RUSSIE ET EN SIBÉRIE. By L. H. Grondijs. Paris: Bossard, 1922, 586 pp.

A voluminous survey, semi-biographical in character, and strongly pro-French in tone.

DIE FÄLSCHUNGEN DES RUSSISCHEN ORANGEBUCHES. By G. von Romberg. Berlin: Vereinigung Wissenschaftlicher Verleger, 1922.

The original documents from the Russian archives published to prove the unreliability of the original "Orange Book." (An English translation is announced by Allen and Unwin.)

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L'ÉVOLUTION ACTUELLE DU BOLCHÉVISME RUSSE. By S. Zagorsky. Paris: Povolozky, 1921, 149 pp.

One of the ablest critiques of the Bolshevist régime which has yet appeared.

LE PROBLÈME DE L'UNITÉ RUSSE. By Émile Haumant. Paris: Bossard, 1922, 128 pp.

An able argument for the reconstitution of Russia as a confederation, democratic and republican, based on the constitution of the United States.

LE MOUVEMENT COÖPÉRATIF EN RUSSIE ET LA RENAISSANCE DE LA RUSSIE. By G. Bekker. Bruxelles: Lamertin, 1921, 175 pp.

An admirable exposition stressing the importance and vitality of the cooperative movement.

VILNA ET LE PROBLÈME DE L'EST EUROPÉEN. By G. Moresthe. Paris: Bossard, 1921, 130 pp.

A pro-Polish survey of the Vilna question.

LITHUANIA PAST AND PRESENT. By E. J. Harrison. London: Fisher Unwin, 1922, 230 pp.

A thorough and much needed work.

THE SWEDISH YEAR-BOOK 1922. Stockholm: Almquist and Wiksells, 1922, 253 pp.

Detailed statistical information concerning the political, economic and social life of Sweden.

THE TRADE AND INDUSTRY OF FINLAND. By K. Järvinen. Helsingfors: Simelius, 1922, 746 pp.

A description of the economic life and opportunities of Finland.

THE HUNGARIAN NEGOTIATIONS. AN ACCOUNT OF THE WORK OF THE HUNGARIAN PEACE DELEGATION. Published by the Royal Hungarian Ministry of Foreign Affairs. Budapest: Hornyánszky, 1921, three volumes, 647, 583, 419 pp.

An elaborate collection of data on the former Hungarian kingdom, including maps and statistical compilations.

AS COLÓNIAS PORTUGUESAS. By E. J. de C. E. Vasconcelos. Lisbon: Teixeira, 1921, 658 pp.

A detailed and reliable survey of the Portuguese colonial empire in its geographic, economic, political and administrative aspects.

IMMORTAL ITALY. By E. A. Mowrer. New York: Appleton, 1922, 418 pp.

An interesting journalistic sketch of modern Italy with most of the space devoted to the period since 1914.

LE PAPE D'HIER. LE PAPE D'AUJOURD'HUI. By Sergius. Paris: Stock, 1922, 132 pp.

A judicious analysis of the policies of Benedict XV and Pius XI.

British Empire

THE DEVELOPMENT OF THE BRITISH EMPIRE. By Howard Robinson. Boston: Houghton Mifflin, 1922, 475 pp.

A reliable manual, progressive in tone, devoted mainly to the nineteenth century.

THE INTERPRETERS. By Æ (George Russell). New York: Macmillan, 1923, 172 pp.

A symbolical interpretation of Irish political aspirations and failings.

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BRITISH COLONIAL POLICY IN THE TWENTIETH CENTURY. By H. E. Egerton. London: Methuen, 1922, 259 pp.

A very valuable summary.

INDIA, OLD AND NEW. By Sir Valentine Chirol. New York: Macmillan, 1922, 319 pp.

The author, an experienced British observer, summarizes the history of India and analyzes sympathetically the recent British reforms.

THE POLITICAL SYSTEM OF BRITISH INDIA. By E. A. Horne. Oxford: Clarendon Press, 1922, 184 pp.

Scholarly lectures on recent Indian problems and the Constitution of 1922.

THE GOVERNMENT OF INDIA. By J. Ramsay MacDonald. New York: Huebsch, 1922, 291 pp.

A critical exposition from the standpoint of the leader of the British Labor Party.

THE GOVERNMENT OF INDIA. By Sir Courtenay Ilbert. Oxford: Oxford University Press, 1922, 144 pp.

A succinct historical summary of imperial legislation.

THE MAKING OF AUSTRALASIA. By T. Dunbabin. London: Black, 1922, 218 pp.

A general survey of British expansion and development in this area, devoting attention to social and economic history as well as to politics and international relations.

Near East

A SHORT HISTORY OF THE NEAR EAST. By W. S. Davis. New York: Macmillan, 1922, 408 pp.

An interestingly written, if not authoritative, narrative. An attractive textbook, though treating the contemporary period very briefly.

LE SERBIE À TRAVERS LA GUERRE. By M. R. Vesnitch. Paris: Bossard, 1921, 161 pp.

Patriotic war addresses and articles by the late Serbian Premier, one of the most scholarly of Balkan statesmen.

SOME REVOLUTIONS AND OTHER DIPLOMATIC EXPERIENCES. By Sir H. G. Elliot. New York: Dutton, 1922, 300 pp.

Interesting material on the politics and diplomacy of Italy, Greece and Turkey.

THE SPIRIT OF ISLAM. By Ameer Ali Syed. London: Christophers, 1922, 515 pp.

The rôle of Mohammedanism in religious and political history as described by a pro-Islamic writer.

CONSTANTINOPLE TODAY. By C. R. Johnson. New York: Macmillan, 1922, 418 pp.

A sociological study of the pivotal area of the Near East.

WISE MEN FROM THE EAST AND THE WEST. By A. M. Rihbany. Boston: Houghton Mifflin, 1922, 309 pp.

A vigorous, though somewhat mystical, defense of the civilization of the near Orient, attacking western imperialism and discussing in detail the situation in Western Asia since the Peace Conference.

LES PEUPLES DE LA TRANSCAUCASIE PENDANT LA GUERRE ET DEVANT LA PAIX. By P. G. La Chesnais. Paris: Bossard, 1921, 218 pp.

The author foresees Armenia, Azerbeijan, and Georgia as autonomous republics in a democratic Russian federation.

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THE NEW PALESTINE. By W. D. McCRACKAN. New York: Doubleday, 1922, 392 pp.

An excellent and timely work dealing in a comprehensive way with the major problems involved.

Africa

THE PARTITION AND COLONIZATION OF AFRICA. By CHARLES LUCAS. Oxford: Clarendon Press, 1922, 228 pp.

A summary sketch in the form of lectures by a well-known authority.

LE DOMAINE COLONIAL DE LA FRANCE. SES RESSOURCES ET SES BESOINS. By A. MEGGLÉ. Paris: Alcan, 1922, 344 pp.

Economic factors are emphasized in this useful summary.

GESCHICHTE DER EVANGELISCHEN MISSION IN AFRIKA. By JULIUS RICHTER. Gütersloh: Bertelsmann, 1922, 813 pp.

A monumental work.

L'ÉGYPTE ET L'ANGLETERRE; VERS L'INDÉPENDANCE. By R. LAMBELIN. Paris: Grasset, 1922, 259 pp.

A valuable survey of the position of Egypt in international relations during the last hundred years.

THE NATURAL RESOURCES OF SOUTH AFRICA. By R. A. LEHFELDT. London: Longmans, 1922, 79 pp.

A brief but reliable survey.

Latin America

THE RED BOOK OF THE WEST INDIES. By A. MACMILLAN. London: Collingridge, 1922, 424 pp.

A compilation dealing with economic activities and resources.

CHILE TODAY AND TOMORROW. By L. E. ELLIOTT. New York: Macmillan, 1922, 345 pp.

A survey of Chilean history and civilization.

THE ARGENTINE REPUBLIC. ITS DEVELOPMENT AND PROGRESS. By PIERRE DENIS. New York: Scribner's, 1922, 296 pp.

A scholarly work, chiefly devoted to economic life and geographical resources.

Far East

THE FOREIGN RELATIONS OF CHINA. By M. J. BAU. New York: Revell, 1922, 508 pp.

A study of modern imperialism in China, differentiating somewhat the policies of the participating states.

CHINA'S PLACE IN THE SUN. By STANLEY HIGH, with an Introduction by P. S. REINSCH. New York: Macmillan, 1922, 212 pp.

A clear and reliable summary of contemporary Chinese history and civilization and of Chinese-American relations. Probably the best introduction to the subject available to the general American reader.

L'ÉVOLUTION DE LA CHINE. By ANDRÉ DUBOSCQ. Paris: Bossard, 1921, 194 pp.

An excellent brief review of changes and tendencies in politics, culture and international relations from 1911 to 1921.

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THE MAKING OF MODERN JAPAN. By J. H. Gubbins. Philadelphia: Lippincott, 1922, 316 pp.

A comprehensive and reliable survey of the evolution of contemporary Japanese civilization, based to a large extent on personal observation and original sources.

THE FOUNDATIONS OF JAPAN. By J. W. R. Scott. New York: Appleton, 1922, 446 pp.

An interesting impressionistic description of modern Japanese civilization. Particularly good on agrarian life and customs.

THE CORNERSTONE OF PHILIPPINE INDEPENDENCE. By F. B. Harrison. New York: Century, 1922, 343 pp.

A review of American achievements in the Philippines, particularly since 1913, urging an early grant of independence.

AN INDISCREET CHRONICLE FROM THE PACIFIC. By Putnam Weale. New York: Dodd, Mead, 1922, 310 pp.

The inside history of the Anglo-Japanese Alliance and its decline. A valuable and illuminating work.

Miscellaneous

PUBLIC OPINION IN WAR AND PEACE. By A. Lawrence Lowell. Cambridge: Harvard University Press, 1923, 303 pp.

A scholarly review of the nature and genesis of public opinion, with especial reference to the effect of the war upon political life and activities in England and the United States. The well known clear sightedness and sound judgment of the author cannot fail to draw attention to the book.

DAVID LUBIN: A STUDY IN PRACTICAL IDEALISM. By Olivia Rossetti Agresti. With a preface by William Roscoe Thayer. Boston: Little, Brown, 1922, 352 pp.

A most interesting biography of the American who founded the International Institute of Agriculture at Rome.

THE PIVOT OF CIVILIZATION. By Margaret Sanger. New York: Brentano's, 1922, 284 pp.

A summary of the problem of the voluntary limitation of population.

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SOURCE MATERIAL

I

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Documents may be procured from the following: United States, Government Printing Office, Washington; Great Britain, P. S. King & Son, 2 and 4 Great Smith St., London, S. W. 1; France, Librairie Terquem, 1 rue Scribe, Paris; League of Nations, including The International Labor Office and The Permanent Court of International Justice, World Peace Foundation, 40 Mt. Vernon St., Boston. For other countries no special references can be given.

Washington imprints are Government Printing Office and London imprints are His Majesty's Stationery Office, unless otherwise noted.

ALBANIA

ALBANIA. General Report of Commission of Enquiry and resolution adopted by the Council on May 14, 1922. 15 p. 32½ cm. (Extract No. 3 from League of Nations, *Official Journal.*) $0.15.

ECONOMIC and Financial Situation of Albania, by Professor Albert Calmès (Luxembourg). (League of Nations. Provisional Economic and Financial Committee. Financial Committee. C. 706. M. 417. 1922. II. Annex to C. 652.) $0.30.

AMERICAN TREATIES

The following treaties are printed by the Department of State to incorporate the parts of the treaties of peace under which the United States has and enjoys rights, privileges, reparations, indemnities, or advantages:

AUSTRIA. Treaty between United States and Austria establishing friendly relations, signed Vienna, August 24, 1921, proclaimed November 17, 1921; and parts of Treaty of Saint-Germain-en-Laye, concluded September 10, 1919. Washington, 1922. [1], 113 p. 23½ cm. (Treaty Series 659.)

GERMANY. Treaty between United States and Germany restoring friendly relations, signed Berlin, Aug. 25, 1921, proclaimed November 14, 1921; and parts of Treaty of Versailles, concluded June 28, 1919. Washington, 1922. 121 p. 23½ cm. (Treaty Series 658.)

HUNGARY. Treaty between United States and Hungary, establishing friendly relations, signed Budapest, Aug. 29, 1921, proclaimed December 20, 1921; and parts of Treaty of Trianon, concluded June 4, 1920. Washington, 1922. [1], 118 p. 23½ cm. (Treaty Series 660.)

ARBITRATION

UNITED STATES-NORWAY. Permanent Court of Arbitration. Proceedings of the Tribunal of Arbitration convened at The Hague under the provisions of the special agreement between the United States of America and Norway, concluded at Washington, June 30, 1921, for the submission to arbitration of certain claims of Norwegian subjects against the United States arising out of certain requisitions of the United States Shipping Board Emergency Fleet Corporation. The Hague, Van Langenhuysen Brothers, 1922. 162 p. 31 cm.

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AUSTRIA

AGREEMENT for Guaranteeing a Loan to Austria, signed by Representatives of Great Britain, France, Italy, Czechoslovakia, and Austria, October 4, 1922. London, 1922. 49 p. 24½ cm. (Parl. Pap., 1922. Cmd. 1765.) 1 s.

THE FINANCIAL RECONSTRUCTION OF AUSTRIA. 34 p. 33 cm. (Supplement to the *Monthly Summary of the League of Nations*, October, 1922.) $0.15.

THE RESTORATION OF AUSTRIA. Agreements arranged by the League of Nations and signed at Geneva on October 4, 1922, with relevant documents and public statements. 57 p. 32 cm. (C. 716. M. 428.) $0.50.

CENTRAL AMERICAN FEDERATION

PROTOCOLO de la conferencia de plenipotenciarios Centroamericanos reunida en San José de Costa Rica el 4 de diciembre de 1920. Secretaría de Relaciones Exteriores. Tegucigalpa, Tip. Nacional, 1921. 124 p.

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PACTO DE UNIÓN de Centro América celebrado en San José de Costa Rica el 19 de enero de 1921. Secretaría de Relaciones Exteriores. Tegucigalpa, Tip. Nacional, 1921. 25 p.

CONSTITUCIÓN politica de la República de Centroamérica. San Salvador, Imprenta Nacional, 1921. 111 p.

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HONDURAS. Federación de Centro América. Discursos pronunciados en la sesión inaugural de la asamblea nacional constituyente, el día 20 de julio de 1921, por los señores Licenciado José Vicente Martínez y Doctor Policarpo Bonilla. Tegucigalpa, Tip. Nacional, 1921. 9 p.

Efforts at Central American federation having failed as between the states themselves, the United States called a conference which convened in Washington, December 4, 1922, in an effort to work out the solution of the problem.

CLAIMS

MIXED CLAIMS COMMISSION, United States and Germany. Rules of Mixed Claims Commission, United States and Germany, established in pursuance of agreement between United States and Germany dated August 10, 1922. [1922.] 6 p.

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DOCUMENTS et correspondance diplomatique russo-finlandaise concernant la Carélie orientale. République Socialiste Féderative des Soviets de Russie. Livre Rouge. Edition du Commissariat du Peuple pour les Affaires Etrangères. Moscou, 1922.

LE DROIT de la Carélie. Helsingsfors, Imprimerie de l'Etat, 1922.

LA QUESTION de la Carélie Orientale (février, 1922). Helsingsfors, Imprimerie de l'Etat, 1922.

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FINANCIAL

EUROPE. Financial Affairs of European States, in response to resolution, letter submitting information, regarding revenues, expenditures, and deficits of European states available to the Department of State. Washington, 1922. vi, 20 p. 23½ cm. (S. doc. 272, 67th Cong., 4th sess.) 5 cts.

GOVERNMENT BONDS. Purchase of Obligations of Foreign Governments and Purchase of United States Bonds from Repayments by Foreign Governments; statements of expenditures under said acts to Nov. 30, 1922, (1) in purchase of obligations of foreign governments, and (2) in purchase of United States bonds for retirement from repayments by foreign governments on account of principal of their obligations purchased by United States. Dec. 4, 1922. Washington, 1922. 4 p. 23½ cm. (H. doc. 478, 67th Cong., 4th sess.) 5 cts.

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CORRESPONDENCE between His Majesty's Government and the French Government respecting the Genoa Conference. London, 1922. 10 p. 24½ cm. (Miscellaneous No. 6 (1922). Parl. Pap., 1922. Cmd. 1742.)

MÉMORANDUM de la Délégation Russe à la Conférence de Gênes. Gênes, 1922. Memorandum of the Russian Delegation to the Genoa Conference. Genoa, 1922.

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LES RÉCLAMATIONS de la Russie aux Etats responsables de l'intervention et du blocus. Matériaux et documents sur l'intervention, le blocus et les dommages causés par eux à la Russie. Vol. IV. Edition de la Délégation de Russie à la Conférence économique internationale de Gênes, 1922.

LEAGUE OF NATIONS

ASSEMBLY. Resolutions and Recommendations adopted by the Assembly during Third Session (September 4 to 30, 1922). 40 p. 24½ cm. (*Official Journal*, Special Supplement No. 9.) $0.40.

COMMITTEE ON INTELLECTUAL COOPERATION. Minutes of First Session. Geneva, August 1–5, 1922. 50 p. 32½ cm. (C. 711. M. 423. 1922. xii.) $0.50.

INTERNATIONAL BUREAUX SECTION. Quarterly Bulletin of Information on the Work of International Organisations compiled by the Section of International Bureaux. No. 1– . October, 1922– . 24½ cm. Per year, $1.00.

TRAFFIC IN WOMEN AND CHILDREN, Advisory Committee on. Minutes of the First Session held at Geneva June 28 to July 1, 1922. 70 p. 33 cm. (C. 445. M. 265. 1922. iv.) $0.70.

HEALTH SECTION

PROVISIONAL HEALTH COMMITTEE. Minutes of First Session held in Geneva, August 25–29, 1921. 34 p. 33 cm. (C. 400. M. 280. 1921. iii.) $0.70.

The Provisional Health Committee was established by the First Assembly to complete and cooperate with the International Office of Public Health, established at Paris by the convention of December 9, 1907

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——— ——— Minutes of Second Session held in Paris, October 20–22, 1921. 49 double pages, 11 plates. 32½ cm. (C. 471. M. 346. 1921. iii.) $1.50.

——— ——— Minutes of Third Session held in Paris, May 11–16, 1922. 29 p. 32½ cm. (C. 366. M. 217. 1922. iii.) $0.40.

HEALTH COMMITTEE. Minutes of Fourth Session held at Geneva, August 14–21, 1922. 80, 77 p. (C. 555. M. 337. 1922. iii.) $1.50.

MANDATES COMMISSION, PERMANENT

MINUTES of the First Session, held in Geneva, October 4 to 8, 1921. 49 double pages. 33 cm. (C. 416. M. 296. 1921. vi.) $1.00.

MINUTES of the Second Session held in Geneva, August 1 to 11, 1922. 103 p. 32½ cm. (A. 36. 1922. vi.) $1.00.

Mandates approved are available as follows at 15 cents each: British Mandate for East Africa; British Mandate for Togoland; British Mandate for the Cameroons; French Mandate for Togoland; French Mandate for the Cameroons; Belgian Mandate for East Africa; Mandate for Palestine; Mandate for Syria and the Lebanon.

NATIONALITY

NATIONALITY and Naturalisation Laws of certain foreign countries. London, 1922. 43 p. 24½ cm. (Miscellaneous No. 7 (1922). Parl. Pap., 1922. Cmd. 1771.)

PAN-AMERICAN SANITARY CONFERENCE

ACTAS de la sexta conferencia sanitaria internacional de las repúblicas Americanas. Celebrada en Montevideo del 12 al 20 de Diciembre de 1920. Washington, D. C. Publicadas bajo los auspicios de la Unión Panamericana. Front. pl. 197 p. 23½ cm.

COLOMBIA. Compilación de las leyes, decretos, acuerdos y resoluciones vigentes sobre higiene y sanidad en Colombia. Dirección nacional de higiene. Edición oficial. Bogotá, Imprenta Nacional, 1920. 385 p.

CUBA. Memoria presentada por el delegado de la república de Cuba, Dr. Mario G. Lebredo. . . . Sexta conferencia sanitaria internacional de las repúblicas Americanas celebrada en Montevideo (Uruguay) del 12 al 20 de diciembre de 1920. Habana, Imp. "La Moderna Poesía," 1921. 83 p.

URUGUAY. Memoria de la delegación del Uruguay presentada á la VI. conferencia sanitaria internacional de las repúblicas Americanas. Montevideo, Imp. "El Siglo Ilustrado," 1920. fold. tables. 233, [1] p.

URUGUAY. Recopilación de leyes, decretos, reglamentos, ordenanzas y resoluciones de carácter sanitario. Consejo nacional de higiene. Montevideo, El Siglo Ilustrado, 1918. 719 p.

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Reprinted, London *Times*, March 25, 1922, p. 15.
Clemenceau's reply of March 29, 1919, *L'Écho National*, March 25, 1922; *Le Temps*, March 27; London *Times*, March 27, p. 6.

PERMANENT COURT OF INTERNATIONAL JUSTICE

LABOR. Request for an Advisory Opinion, with regard to the nomination of the Workers' Delegate for the Netherlands at the Third Session of the International Labour Conference. TEXT of the Advisory Opinion given by the Court on July 31, 1922. 27 p. 24½ cm. (Series B, No. 1.) $0.25.

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LABOR. REQUESTS for Advisory Opinions as to the competence of the International Labor Organisation in regard to international regulation of the conditions of labor of persons employed in agriculture, and in regard to the examination of proposals for the organisations and development of the methods of agricultural production and other questions of like character. TEXT of the Advisory Opinions given by the Court on August 12, 1922. 61 p. 24½ cm. (Series B, Nos. 2 and 3.) $0.50.

STATUTE AND RULES of the Permanent Court of International Justice. 130 p. 24½ cm. (Series D, No. 1.) $1.25.

PREPARATION OF THE RULES OF COURT. Minutes of meetings held during the Preliminary Session of the Court, with annexes. 616 p. 32 cm. (Series D, No. 2.) $7.75.

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AGREEMENTS concerning Deliveries in Kind to be made by Germany under the heading of Reparations. London, H. M. Stat. Off., 1922. 35 p. Forms 24½ cm. (At head of title: Reparation Commission. ii.) 1s. 3d.

OFFICIAL DOCUMENTS relative to the amount of Payments to be effected by Germany under Reparations Account. Vol. I. (May 1, 1921–July 1, 1922.) London, H. M. Stat. Off., 1922. 144 p. 24½ cm. (At head of title: Reparation Commission. iii.) 3s. 6d.

RUSSIA

EPIDEMICS in Russia since 1914. Report to the Health Committee of the League of Nations, by Prof. L. Tarassevitch. 48, 66 p. Charts. 24½ cm. (League of Nations, Epidemiological Intelligence, Nos. 2, 5.) $0.25 each.

Contents: Part I. Typhus—Relapsing fever—Smallpox. March, 1922. Part II. Cholera—Plague—Enteric Fever—Dysentery—Infectious Diseases in Children—Other Infections—Famine and Depopulation. October, 1922.

REPORT ON ECONOMIC Conditions in Russia; with special reference to the famine of 1921–1922 and the state of agriculture. viii, 164 p. Maps. 25 cm. (League of Nations. C. 705. M. 451. 1922. ii.) $0.50.

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PAPERS relating to the Foreign Relations of the United States, with the Address of the President to Congress, December 8, 1914. Washington, 1922. cxv, 1132 p. 23½ cm.

APPROPRIATIONS. Departments of State and Justice appropriation bill (fiscal year), 1924; report to accompany H. R. 13232; submitted by Mr. Husted. Dec. 7, 1922. 13 p. (H. rp. 1265, 67th Cong., 4th sess.) 5 cts.

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SENATE. Departments of State and Justice appropriation bill (fiscal year), 1924. Hearings before subcommittee on H. R. 13232, making appropriations for Departments of State and Justice and for judiciary, fiscal year 1924. Washington, 1922. ii, 14 p. 23½ cm.

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GENERAL. Nouveau recueil général de traités et autres actes relatifs aux rapports de droit international. Continuation du grand recueil de G. Fr. de Martens par Heinrich Triepel. Troisième série. Tome XI. Leipzig, Theodor Weicher, 1922.

Marking the resumption of a standard work after the World War.

GREAT BRITAIN. General Index to Treaty Series. 1917–1921. London, 1922. xxxviii p. 24½ cm. (Treaty Series, No. 14 (1922). Cmd. 1746.)

RUSSIA. Recueil des principaux traités, accords et conventions, conclus par la RSFSR avec les Puissances étrangères. . . . Traités, accords et conventions entrés en vigueur après le 1er janvier 1921. RSFSR. Commissariat du peuple pour les Affaires étrangères. Saint-Pétersbourg, Imprimerie de l'Etat, 1921. 2 pts.

A third part subtitled "Rapports conventionnels internationaux" is understood to have been issued.

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CLEARING OFFICES. First Report of the Controller of the Clearing Office (Germany) and the Administrator of Austrian and Bulgarian Property. London, 1921. 31 p. 24½ cm. 1s.

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TURKEY

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Released for publication in the periodical by Former President Wilson.

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The official report.

WORLD WAR

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CAMPAIGN OF 1918. URSACHEN des Zusammenbruchs, Entstehung, Durchführung und Zusammenbruch der Offensive von 1918. Heft 1–3. Berlin, Norddeutsche Buchdruckerei und Verlagsanstalt, 1922. 152, 80, 30 p. 22 cm. (Reichstag —12. Ausschuss. Beilage zu den Stenographischen Berichten über die öffentlichen Verhandlungen des Untersuchungsausschusses. (4. Unterausschuss.)

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II

PUBLIC DOCUMENTS UNOFFICIALLY PRINTED

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Relations between states are indexed in English alphabetical order under the name of the first state party thereto.

All dates are 1922 or 1923 unless otherwise indicated.

Newspaper references are to the files which are most widely available. The letters A. P. indicate that the document is to be found in an Associated Press dispatch, and that it is probably available in any newspaper which is a member of that association. Abbreviations used: *A. J. I. L., Sup.*, American Journal of International Law, Supplement; *Cong. Rec.*, Congressional Record; *Cur. Hist.*, Current History.

AALAND ISLANDS—Convention respecting nonfortification and neutralization, Geneva, Oct. 20, 1921, *A. J. I. L., Sup.*, XVII, p. 1.

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Statement of Premier Stambuliski, *Le Temps*, Nov. 18, p. 2.

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Resignation of Costa Rican Delegates, Dec. 11, N. Y. *Times*, Dec. 12, p. 14.

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GREAT BRITAIN—*Foreign relations*—Speech of King George opening Parliament, Feb. 13, N. Y. *Times* (*A. P.*), Feb. 14, p. 2.

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Letter of Sir Percy Cox relative to termination of mandate, Oct. 10, London *Times*, Oct. 12, p. 12.
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